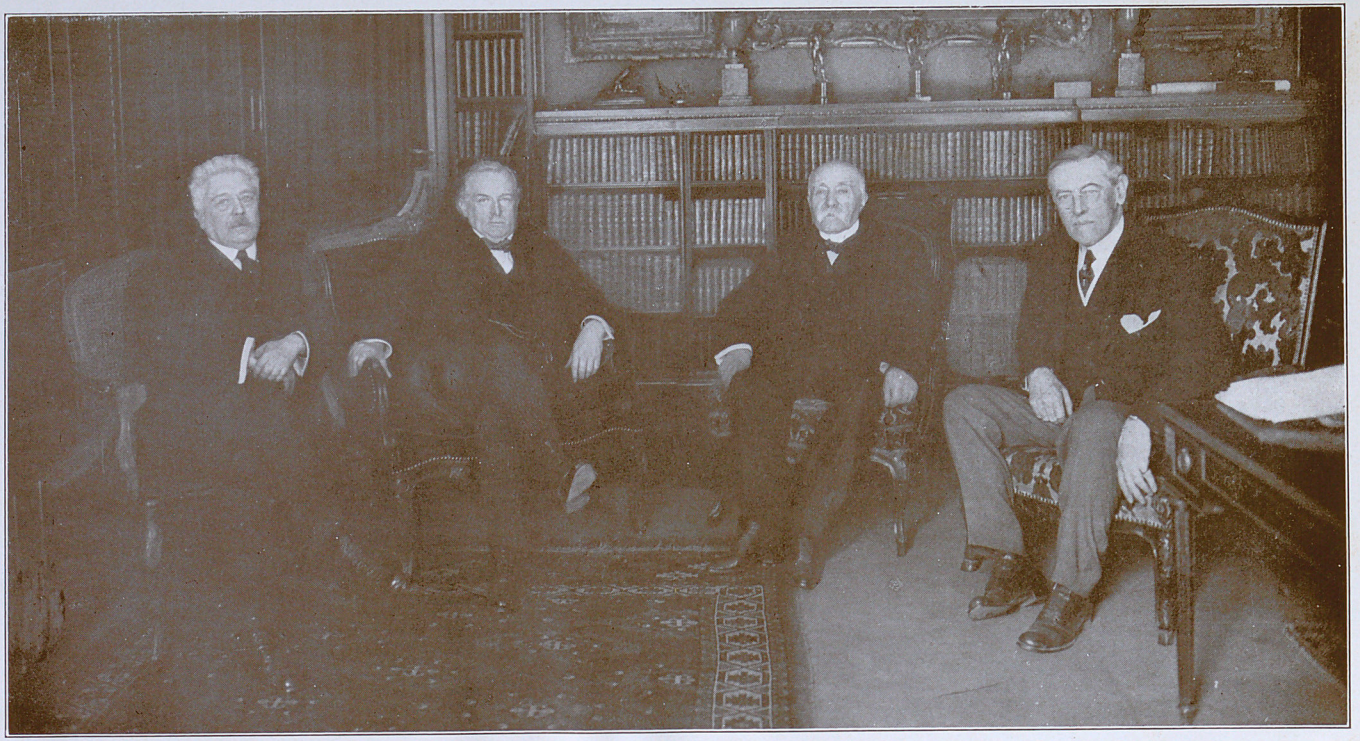
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WOODROW WILSON
AND
WORLD SETTLEMENT



THE COUNCIL OF FOUR AT PARIS

(THE "BIG FOUR")

Signor Orlando Mr. Lloyd George M. Clemenceau President Wilson

855947

WOODROW WILSON AND WORLD SETTLEMENT

WRITTEN FROM HIS UNPUBLISHED AND PERSONAL MATERIAL

BY
RAY STANNARD BAKER



FOUNDATION FOR THE ADVANCEMENT OF THE SCIENCES PUBLISHING

ILLUSTRATIONS
FROM
PHOTOGRAPHS
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Vol. II

VOLUME
II

GARDEN CITY NEW YORK
DOUBLEDAY, PAGE & COMPANY
1922

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PRINTED IN THE UNITED STATES
AT
THE COUNTRY LIFE PRESS, GARDEN CITY, N. Y.

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PART V

THE DARK PERIOD: THE FRENCH CRISIS

WOODROW WILSON AND WORLD SETTLEMENT

CHAPTER XXV

The Dark Period—The French Demands—Foch Fires His "Big Bertha"—The Struggle of the French for Security

THE Dark Period of the Peace Conference—its "gravest hour"—followed upon the President's return to Paris, March 14, 1919. It lasted about one month.

It was the result of the discovery that before the three great Powers, America, Great Britain, and France, could make a peace to be imposed upon Germany or, incidentally, meet with united front the unfolding demands of Italy, they must perforce come to some positive understanding among themselves.

The first two months of the Peace Conference, up to this time, had served only to reveal the depth of the chasm of difference that existed between the New Order and the Old: between America, led by Wilson on the one hand, and France led by Clemenceau and supported at essential points by Lloyd George, on the other.

All along President Wilson had clearly seen the inevitability of this conflict. "The Past and Present are in deadly grapple," he had said. He was fighting "to do away with an old order and establish a new one." And

the old order was tenacious and did not propose to be done away with!

The earlier struggles had served to test out the President and it had been shown clearly that he was approaching the settlements with a deadly sincerity of purpose. America had set up a new programme for the world: the President meant to fight for it to the limit of his capacity.

He had had surprising successes at the beginning—as has been shown in previous chapters. He had to a remarkable degree got the attention of the world settled upon the League of Nations, he had secured the acceptance of the Covenant as the basis of the peace; he had made it an "integral part" of the Treaty, he had defeated the attempt to parcel out the colonial spoils, and finally he had demolished in one bold stroke (March 15) the intrigue, hatched while he was away, to sidetrack his whole programme with a preliminary treaty in which the League was to have no place.

These things were most alarming to the other Allies, especially the French. They saw their whole programme for security, reparations, annexations, expansions, going by the board. "Surely the victors, if they want it," as Lloyd George and Clemenceau said in joint memorandum on the Italian settlements, "are entitled to some more solid reward than theoretical map-makers, working in the void, may on abstract principles feel disposed to give them." Theirs was the ancient policy: "To the victors belong the spoils."

Immediately upon Wilson's return, therefore, Wilson, Clemenceau, and Lloyd George held a secret meeting at the Crillon Hotel; and this acute problem of finding some basis of unity among themselves was for the first time really faced.

But Wilson argued in effect: "We must get together

on the basis of the new order, on the principles laid down and accepted, with the League of Nations as the corner-stone of the peace." To this Clemenceau responded doggedly: "France must first be made secure!"

Wilson argued that France had been offered a world guarantee of security in the Covenant: that America and Great Britain would go even further and consider a special guarantee until the League could be brought into being, and that large bodies of allied troops would be left to protect France until peace was firmly established. But Clemenceau objected that this was not enough. France must have a military alliance, must make the Rhine a strategic frontier, must cripple Germany permanently in an economic sense.

Here were irreconcilable differences, not of detail but of fundamental attitude and policy. Wilson was thinking of permanent world peace based upon sound moral principles backed by mutual guarantees; France was thinking only of French security, French reparations, French expansion. Wilson saw true safety only in mutual trust, but the French saw safety only in "reeking tube and iron shard."

Four months had elapsed since the war ceased and there was no peace. The world was growing every week more chaotic. Bolshevism, like a vast black cloud, hung in the East: the storm was already breaking in Hungary. Starvation threatened all central Europe. Great strikes had broken out in England. Revolution was brewing in both Germany and Austria. A vast discontent and impatience was arising among the undemobilized and war-weary armies. It looked for a time as though the whole world would be swept over the brink into anarchy.

No one who was not at Paris can fully realize how desperate these conditions appeared.

Out of this situation grew the Council of Three (later the Four), the three heads of the great States, the most powerful men in the world, meeting together alone and secretly trying to come to some understanding among themselves. The Council of Ten had proved too cumbersome (sometimes there were thirty to fifty in attendance) and too open. For a month these three men (sometimes four) met together. Often no secretaries were present and no official minutes were kept. It was in this period that the President first broke down physically, and it was during this time, also, that he considered withdrawing the American delegation from the Conference and going home: he even ordered the *George Washington* to sail immediately from New York to take the Americans away. At this time the Conference came perilously near to a complete break-up. Finally, however, the heads of States were able to arrive at the uneasy and unstable compromises out of which grew the Versailles Treaty. On April 19 they were sufficiently in agreement to face the Italian Settlements.

It is the purpose in this and several following chapters to show what happened during this "Dark Period"—the crisis of the Conference.

While no official minutes of the smaller conferences are available, it is, in many ways, as well documented as any other period of the Conference. For the President saved every memorandum, every report, every letter, that came into his hands during all these weeks, and we have them here before us. We also have the corollary records of the sittings of the Council of Ten and Five during this period, and numerous and enlightening reports of commissions which were conferring from time to time with the Four. Some of the members of these commissions who were advising the President have placed

at the disposal of the present writer their own personal records, diaries, and letters; and, as important as any other single source, the writer has his own written records and clear remembrance of daily (sometimes twice-daily) conferences with the President in which the proceedings of the Four were fully discussed. It is possible, then, to present an account, which is probably nearly complete, of what happened.

It has already been remarked that the President's absence from February 15 to March 14 was highly perilous for his cause. Grave reasons for it indeed existed, but the results were serious. He had been winning all along the line before he departed; all the old forces of militarism and diplomacy surged forward into control the moment he turned his back and began to dig themselves in. When he returned he found his whole programme sidetracked, and at the same time he had still further to weaken his position by asking for American amendments to the Covenant in order to unify the support behind him at home.

It is as interesting as it is futile to speculate on what might have happened if Wilson had been able to remain straight through at Paris and carry forward the truly bold campaign he had started. It is probable that he might here and there have gained a point more in the long line of what we see now was never the fevered campaign of a few months at Paris, but the war of the century; improbable that the final results would have been far different. These were vast glacial forces moving upon the face of the world, between which pigmy leaders were ground to powder. Each leader could go only as far as he was carried by the impetus of the forces behind him; and the old was terribly strong, terribly obstinate. With all the world shouting its acceptance of his plans, Wilson

could think of turning out the Old Order; with all the world doubting, criticizing, attacking, and even his own support at home dropping sheepishly away behind him, Wilson was left almost alone to face enormous and overwhelming difficulties.

While the President was thus weakened in his position to meet the crisis of the Dark Period the old forces had grown stronger. They had been mobilizing while he was away, they had been developing and using all the vast agencies of public opinion against the American programme—an insidious campaign to which the feverish atmosphere of Paris was peculiarly favourable. They were now ready to charge him (as they soon did) with delaying the peace unless he gave them the terms they wanted. He was indeed delaying the kind of peace they sought, but they were delaying still more the kind of peace he sought. And thus it was that he came to grapple with them there in the dark.

In studying this particular diplomatic situation with all the facts in hand, nothing appears more consummate than the skill with which the French prepared and massed their attack. As a strategist Clemenceau in diplomacy was more than the equal of Foch in war. It was the kind of thing—the art of it—that the French do better than any other people. Talleyrand at Vienna, though representing a beaten nation, achieved a dangerous diplomatic triumph. And at Paris, these dark days, in the whole technique of the old diplomacy they were perfect.

Long before the war closed the French programme had been thought out. Essential parts of it had been knit securely into the web of several of the secret treaties; certain elements of it had been shrewdly tucked away in the Armistice terms before the world awakened to the fact that this unprecedented Armistice was a part of the peace; it

Le Président du Conseil.
Ministre de la Guerre

RÉPUBLIQUE FRANÇAISE.

Paris, le 17 Mars 1919

Mon Cher Président,

Comme suite à notre conversation de samedi je vous envoie sous ce pli une note que je crois de nature à préciser les idées échangées et à faciliter la solution.

Croyez moi, mon Cher Président, très cordialement vôtre,

G. Clemenceau

Monsieur WOODROW WILSON
Président de la République des Etats-Unis d'Amérique

Facsimile of letter from Clemenceau to Wilson transmitting a French memorandum

had been outlined in such plans of procedure as those so eagerly transmitted to the White House, as early as November, 1918, by the French ambassador at Washington.[1]

It stood four-square and solid-seeming, this French programme, with each aspect—military, diplomatic, political, economic—firmly envisaged. It was carved out of such hard-appearing substance as the material fears, necessities, avarices, of a single nation, France. It was all outwardly so clever, so able, so perfect—so monumentally stupid and short-sighted underneath. It was calculated to make France alone the safest and strongest nation on the Continent; it resulted in making France the most isolated, with a growing conviction among the nations that French fear may prove to be as dangerous to world peace as German greed.

On March 14, the very afternoon of the President's arrival, the first ponderous gun was fired. This was a memorandum of Marshal Foch setting forth the first of the French projects: the military programme. This classic presentation of the French demand for the military frontier of the Rhine is of the utmost importance and has never yet been published in full. It had actually been prepared on January 10 and bears that date, but Foch, like the strategist he was, withheld his fire until the enemy was weakest.[2]

The essence of this proposal is easily summarized.

It is entirely based upon the postulate that Germany, though beaten, is still strong and France weak, that Germany is still predatory and unscrupulous, and that the menace which, as Foch says, France has been fighting "in the name of the principles of Right and Liberty of Peoples" is as great as ever, if not greater.

[1]See Volume III, Document 7, for full text.

[2]See Volume III, Document 25, for complete text.

Foch frankly argues the preponderance of Germany over France in numbers. Even though France holds the Rhine "there will always remain, on the eastern bank of the river, a German population of 64 to 75 millions naturally bound together by common language, and therefore by common ideas, as by common interest."

"To these German forces," continues the Marshal, "Belgium, Luxembourg, Alsace-Lorraine, and France can oppose only a total of 49 millions of inhabitants. Only with the coöperation of the countries on the other side of the sea can they reach the level of the enemy's figures, as they did in 1914–1918, and yet this help must be waited for . . . especially for the United States."

The potential strength of Germany as against France had also been augmented, argues Foch, by the disappearance of Russia as a balancing military power in the East.

What is the remedy?

It is, according to Foch, simple enough. The preponderance of Germany must be permanently broken down, and this vast disparity of force permanently equalized. The primary and basic method of doing this is for France to make the Rhine her permanent strategic frontier.

"Henceforth the Rhine ought to be the western military frontier of the German countries." The "Wacht am Rhein," must now, the Marshal says, be the "rallying word" of France.

This will serve two purposes: first, it will hold Germany at arm's length and prevent a blow delivered by surprise; second, it will detach from Germany the rich and populous Rhine provinces, thus weakening her both politically and economically. He disclaims any purpose on the part of France to annex this German territory, but he proposes

to create there "new autonomous States" and provide them with "the outlets necessary for their economic activities, in uniting them with the other Western States by a common system of customs." In short, he would sever all former ties of this rich territory from Germany and unite it with France.

As for the League of Nations, the Marshal frankly sees it as a perpetual military alliance of France, England, the United States, and Belgium, the purpose of which is, of course, to maintain France on the Rhine and keep Germany down permanently.

Such were Foch's proposals; and they were based upon the assumption that Germany and France would be perpetual enemies, that peace must be based upon force, and that this force, France being weaker than Germany, must be added to by America, Great Britain, and Belgium.

Of course, these proposals violated at every point the American programme; and more than this, as the President argued day after day, they would never give the French the safety they craved. He, too, believed that France, with whose sufferings he sympathized profoundly, must be made safe. No one set forth this idea more eloquently than he in his speech to the French Chamber of Deputies. He believed, as he said, that the Rhine was "the frontier of freedom," a phrase at once seized upon and twisted to support the extremist French claims; but he disagreed wholly with the French as to how that safety should be secured. Their programme meant only new military alliances, a new and more terrible and costly era of armament, and in the end, more fearful war. How could a populous nation like Germany be controlled permanently by armed force? How, on the other hand, could a powerful military alliance, even of allied nations, be

trusted to hold a purely defensive position on the Rhine? In his memorandum of January 10 Foch had actually spoken with gusto of the Rhine as a "magnificent basis of manœuvre for a counter-offensive"—and he had already proposed marching through Germany with allied armies to crush Russia. In the past three centuries, whenever the French have reached the Rhine, they have pressed on beyond it—in the Thirty Years' War, the wars of Louis XIV and Louis XV, the wars of Napoleon I. These wars, too, were justified by the principle of security; threats to France's holding of the Rhine have had to be met by crossing it.

At bottom, then, the whole trouble was militarism—whether German or allied—the military point of view, the idea of force as the antidote to fear. Instead of seeing in these military sanctions a way to safety as the French did, the President saw in them just the opposite—more insecurity, more fear, more war.

Day after day, he argued that there must be a turn-about, a new attitude, that safety, to be real, must rest upon mutual trust and have a sound basis in correct moral principles. He proposed a new coöperative system, based upon mutual guarantees "with moral force uppermost"—as expressed in the League of Nations. But he spoke to ears deafened by war and deadened by fear.

At the same time that Foch was firing the Big Bertha of his military proposals, the President was again grappling not only in the League of Nations Commissions but in all the Conferences—with the diplomatic aspects of the French proposals.

There were two well-marked tendencies in the French diplomacy, although they were both committed to the essential French demands.

The most enlightened group was that represented by

Léon Bourgeois, a distinguished scholar and statesman and once premier of France, who fathered the French scheme for a league of nations and was a member of the League of Nations Commission. But even his plan for a league was as far as possible removed from Wilson's conception of the peace, for its sanctions rested primarily not upon moral force but upon military force. It really differed little from Foch's scheme of a military alliance. It set up a kind of international general staff, and even imposed upon all member nations the maintenance of fixed contingents of military and naval force. It was never thought of as a substitute for the military control of the Rhine, but as an agency for maintaining that control.

But even this project was enlightened compared with the concepts of a group of hard-shelled diplomats of the old school, best represented, perhaps, by men like Poincaré and Pichon. These were of the strictest of the sect and followed closely the ancient tradition of diplomatic finesse. They lived still in the eighteenth century, they dealt in terms of continental combination, delicately adjusted balances of power, clever intrigues, material claims and compensations. Fortunately, this diplomacy was kept for the most part in the background, but it did emerge here and there from its dwelling place of darkness and it did inspire one important section of the French scheme, to which even Clemenceau adhered. This was the policy of binding to the French interest as many as possible of the small states beyond Germany and building these up as allies against her to replace the former Russian Alliance. It was indeed one aspect of the French programme of security. As Clemenceau said frankly in the Conference:

> There was need of a strong Poland. . . . The League of Nations was a very fine conception, but it could not be constituted without

nations. As one of the nations concerned, Poland was most necessary as a buffer on the East just as France formed a buffer on the West.[1]

Clemenceau, like the shrewd political leader he was, took a moderate position between these two diplomatic policies, but used both of them wherever necessary. Whenever the reactionary diplomats were caught in an intrigue (as will be shown later) in Central and Eastern Europe he always disavowed it—when exposed. He had greater wisdom and a greater sense of reality than the leaders of either of the other groups. His dominant policy was the practical one of clinging through thick and thin to the alliance with America and Great Britain. He would wring from them an assent to as much as possible of the French programme, but the important thing, always, with him, was to hold to the Entente.

And he remarked in the Peace Conference:

> His policy, as he had declared in the Chamber, was to keep a perfect entente with Great Britain and the United States of America. He saw the inconveniences of this policy. He recognized the immense distance of water which separated the United States from France and he recognized the growth of the British Empire. Nevertheless it was his policy to stand to the Entente. For this he had been strongly attacked. If he were obliged to retire from office, his colleagues would find themselves met by a much stronger opposition. The best course to be taken was to discuss these matters and try and reduce their differences to a minimum.[2]

It was thus Clemenceau's diplomacy that directed France and decided her course through the Peace Conference—and significantly, when it was over the Clemenceau government fell; and Clemenceau was bitterly and fiercely attacked—and still later, indeed, Poincaré came into power.

[1]Secret Minutes, Council of Ten, February 7.

[2]Secret Minutes, Council of Four, June 2.

But it was not only by military and diplomatic methods that the French were seeking to equalize the disproportion between France and Germany. There were political methods: methods of subtracting from the greater and adding to the less—forced cessions of territory by Germany and annexations by France and her friends.

Of cessions there were to be many—to France herself (as Alsace-Lorraine), to her allies, Belgium, Poland, and Czechoslovakia, and even to neutral but friendly Denmark. The detachment of the left bank of the Rhine was also in effect a cession. It meant the lopping off of five and a half million people from the German Empire—subtracted from its strength, if not exactly and fully added to that of France. Finally, all the German colonies were to be taken away.

As for annexations by France herself, the claims were relatively moderate. Besides the recovery of Alsace-Lorraine all she asked was the bit of the Saar district bounded by the frontier of 1814, with perhaps some modification—a gain insignificant from the political point of view. There was a certain colonial claim, too, on which the French were very firm though they did not give it a prominent position among their interests. Clemenceau was particularly insistent upon the point that France should have the right to enroll native troops from these colonies for her defense—another touch of equalization by addition to the lesser.[1] Also it must be remembered that France regarded Poland as her particular satellite and held annexations by Poland to be hardly less direct gains than annexations to herself.

Another section of the programme which may be termed political was that which had to do with the political structure of Germany. The extreme goal of the

[1]See Chapter XXIV for a full account of this subject.

French desires in this respect was the "shattering of the German block," the loosing of Prussia's unifying grasp, the reduction of Bismarck's formidable edifice to a ruin of petty states such as had existed before him. The nearest the French came to putting this desire concretely was in the programme of November, 1918, which stated, "We are interested in favouring Federalism"; but the idea of loosening the structure of Germany swam constantly before the eyes of many French negotiators, especially Pichon. Clemenceau wasted little time over the beatific vision. The trouble was that the scheme would not work. The other German states were not so anxious to be separated from Prussia as to drop away themselves without anything to gain by the move. A lightening of the burdens they would have to bear by remaining in the Empire would have been a possibly effective bait, but the French could not bring themselves to renounce definitely any of their reparation or indemnity claims. France did not propose to be left holding the bag, as came near being the case with the claimants against Austria-Hungary—especially as one could not rejoice in an Independent Bavaria to the extent that one could in a Czechoslovakia. So the dream never approached realization, though it recurs again and again in the discussions of the Conference. Although the French could not stipulate the breaking away of states already in the German Empire, they could, however, put obstacles in the way of further accretions to it. If German Austria should attach itself to Germany, the addition would just about offset the loss of Alsace-Lorraine and the rest of the Left Bank, besides giving Germany a most dangerous extension round to the south of Bohemia and into regions of great opportunity. A separate Austria would block this path to her and might even, as the old-style diplomats hoped, be

made another satellite of France. So the prohibition against any union of Austria with Germany became a concrete element of the French plan. If not subtraction, it prevented an addition to the greater quantity.

We come finally to the economic phases of the French plan for control and equalization—in many ways the most important of all. They will only be touched upon here and left for much more complete consideration in the important chapters dealing with reparations and the economic and financial aspects of the settlements.

Economic power in the twentieth century is as important a factor in war as man-power—if not more so. Here, also, the French reasoning applies. German superiority to France in economic strength is as great a menace as her superiority in numbers. France must here, therefore, pursue the same policy as in her military, diplomatic, and political plans—add to her own economic strength and reduce that of Germany.

But here France is impaled upon the horns of a difficult dilemma. If she tears down Germany too far in the name of security, how can Germany pay the enormous reparations demanded?

Security, however, is always first on the French programme—ahead of reparations. For example, the French were for adding the total cost of the war to their own already staggering demands for reparations—regardless of the fact that under such an arrangement their own percentage of receipts would be much lower than in a calculation of reparations alone. But the burden would be more likely to break Germany. Furthermore, the French always insisted that the economic additions they received must be actual subtractions from Germany. The Americans constantly argued for a general economic reconstruction of the world, in which Germany, of course,

should share in order to increase her ability to pay. Over and over again Wilson argued as he did on February 7:

> It was, therefore, to the interest of the latter [the Allies] to give Germany the means of renewing her economic life, not only for the purpose of reducing the number of unemployed, but also to enable her to pay the reparations which the Allies had a right to expect.[1]

But the French, obsessed by fear, obstinately blocked all attempts to help Germany get back on her feet—even to pay reparations!

In the immortally stupid words of the Minister of Finance, Klotz:

> The Allies had never agreed to supply raw materials to Germany. The devastated countries would never agree to raw materials being supplied to Germany, where the factories were still intact, until their own industries had been reëstablished.[2]

Yet the Germans were supposed to reëstablish those industries and pay reparations: how could they produce the wherewithal with intact factories but no raw materials for them to work upon? France would thus take no help at the cost of helping Germany, would accept no economic additions except at the cost of direct subtractions from Germany. For in adding to both, there would be no equalization!

This attitude, so destructive to the principle of reparation, was supplemented by another project even more damaging. Under the item "Economic and financial stipulations: raw materials, economic systems," included in the Conference programme submitted by the French Ambassador at Washington, November 29, 1918, (already referred to) was understood to fall a whole set

[1]Secret Minutes, Council of Ten.

[2]Secret Minutes, Council of Ten, February 10.

of post-war agreements for economic preferences among the Allies to the exclusion of Germany. The effect of such a system upon Germany's ability to pay reparations need not be dwelt upon. But the French saw in it more "security"—against the fear of being overtopped by the economic power of Germany.

The direct process of economic equalization by subtraction and addition was also a factor in the French demand for the transfer of territories. Most of the territories to be ceded by Germany are primarily of economic importance. The economic value of Silesia, Alsace-Lorraine, and of the Rhineland requires no statement. All these were to be lost to Germany, with their economic resources, and added to France and her allies. The bodily transfer of natural and developed resources was the most alluring form of reparation. Hence the desire for the mines of the Saar district even beyond the 1814 frontier. Hence the proposal to divert the economic connections of the Left Bank from east to west. And to these designs on the Left Bank must be added similar designs on the manufacturing district of the Ruhr on the Right Bank.

In a formidable memorandum drawn up by Clemenceau's right-hand man, Tardieu, on February 26, in which all the aspects of the Foch memorandum of January 10 were much expanded, there occurs this amazing calculation of just what these economic proposals will accomplish:

> The loss of the left bank of the Rhine [says Tardieu], added to that of Alsace-Lorraine, deprives Germany of 8 per cent. of her territory and represents a loss of:
>
> 11 per cent. of her population
> 15 per cent. approximately of her railroad and river traffic
> 67 per cent. of her wine industry
> 12 per cent. of her coal mines

80 per cent. of her iron ore
33 per cent. at least of her metallurgy
30 per cent. of her textile industries.[1]

Under this heading of the transfer of economic resources must also be placed the surrender of Germany's entire merchant marine and its division among the allied and associated powers. The resulting addition to France's economic strength (as it stood after the war) would be considerable, but the subtraction from Germany's would be crushing.

The resources lost by Germany are torn from a complete and complex economic organism, and they cannot contribute to world production with full efficiency until they are fitted into another the construction of which requires time. The addition to France (or to Poland) is thus less than the subtraction from Germany; and the world as a whole is—for the time being, at any rate—the poorer for the transfer. But the equalizing factor remains. If the whole economic organism of Germany is disrupted, so much the better in the eyes of the French, for "security" is thus made more secure!

To complete the tale of proposals of economic effect, one must add the means for controlling the disarmament of Germany. Whether these took the form of inquisitorial organs of a league of nations, the military supervision of munition factories proposed in the Loucheur report, or the inter-allied commissions on military and naval terms, they would obviously lend themselves easily to all manner of interference in Germany's industrial life. However, these proposals did not figure prominently in the initial French programme, as disarmament had so small a place in that programme. It is only fair to note also that the project of charging Germany with the main-

[1] "The Truth about the Treaty," by André Tardieu, p. 168.

tenance of a large army of occupation was not insisted upon from the first. This was because the original intention was to occupy the Left Bank permanently and not merely to ensure the execution of the Treaty; so Germany could hardly be saddled with the cost. The attachment of the territory to the French economic system would help defray the expense of occupying it; while, with all the war costs (including occupation during the Armistice) lumped in with reparations, there could be no object in adding these charges to the already impossible indemnities demanded.

Such was the complete French plan, as disclosed—as a kind of mass attack—upon the President's return to Europe. It was France's answer, in terms, to his proposals for the peace; and he considered that it was in direct opposition at almost every point to the principles laid down and accepted at the Armistice. In order to understand clearly the struggle of the Dark Period, the French diplomatic strategy must be clearly envisaged in all its elements. To summarize the main features of their programme of security as against Wilson's programme of the mutual guarantees of a world league we have:

1. French military control of the Rhine.
2. A permanent alliance of the great Powers to help France to hold it.
3. A group of smaller allies to menace Germany from the east.
4. Territorial reduction of the German Empire.
5. Crippling of the German political organization.
6. Disarmament of Germany but not of the Allies.
7. A crushing indemnity.
8. Deprivation of economic resources.
9. A set of commercial agreements preferential to France, prejudicial to Germany.

Here we have exactly what was in the minds of the leaders of the Old Order, and their programme for the coming peace.

It is easy, of course, to cry out, as the Germans do, that this was a purely militaristic and imperialistic programme. Strong militaristic and imperialistic elements there certainly were in it, but the dominating element first and last was fear and a passion for security. To some extent the bargaining instinct entered into the programme, yet it is hard to put one's finger on a single element in this tremendous programme that was not thought out, sincerely meant to begin with, and tenaciously struggled for.

But the results of allowing such passions full sway are just as serious when they spring from an "inferiority complex" as when they are frank expressions of a "superman" or "super-race" delusion. Consider the outcome! In a Balkanized Europe of small squabbling states are left only two considerable national entities, France and Germany. To render the one secure, the other must be disarmed, dismembered, ringed round with strategically posted foes, its economic life crushed and fettered. The outcome is nothing less than the domination of Europe by France. And the war was fought to prevent its domination in just this wise by Germany. What is the difference, except that the whole world is the poorer by the cost of the vast effort to attain this result and by the waste involved in the transfer of resources? Oh, yes! the Frenchman would say, if he were brought to admit all this, but the world would be the gainer by substituting the enlightened tutelage of France for the barbaric despotism of Germany. One may accept this proposition and yet ask if either is necessary.

It was this question that Wilson put to the world

insistently and powerfully. It was militarism, and the military basis of peace—whether actual armies or alliances, or economic domination—that he was against. America had helped, at great cost, to overthrow the idea as represented by Germany; could America consent now to accept the same basis, even when demanded by her friends and allies? It was the whole system that Wilson was against—the Old Order, the ancient, stupid, violent methods which in the end would not accomplish the end desired—that he was against with the entire force of his nature and his faith. He was offering the world—and the French!—the only substitute for the old equilibrium of forces—which was a new order of international relations, based upon moral principles, mutual trust, and common guarantees: the League of Nations. To enable the world to attain this New Order France must throw over her fears, the British Empire its appetite for colonial expansion, America its self-centred isolation, just as Germany had been forced to abandon her wild and greedy ambitions. For all these things were dangerous to the peace of the world.

It was this bitter struggle of two utterly antagonistic principles that went on there in the Dark Period—had to go on to some compromise, some basis as between Wilson and Clemenceau—before the terms of the peace to be imposed upon Germany could be worked out. Wilson now found himself alone with a vast and bitter volume of attack growing up in the world which had so recently cheered him to the skies, but now, for lack of full understanding, had turned upon and was rending him. Even his own country, goaded by his opponents, was turning upon him.

But he made the fight—as will be shown in coming chapters.

CHAPTER XXVI

Crisis of the Peace Conference—Origin of the Council of Four—Struggle between Wilson and Clemenceau—Intrigues of the Military Party—Clemenceau Threatens to Resign—Wilson Falls Ill

PRESIDENT WILSON was now face to face with the most critical struggle of the entire Peace Conference—that of the Dark Period. The French had suddenly and powerfully marshalled their complete phalanx of demands—as shown in the last chapter—and the President found himself in opposition at almost every point.

But the French were not the only ones who had been sharpening their weapons while the President was away. Every problem of a mad, sick world now descended at once upon him.

The President had scarcely arrived at the new "White House" in the Place des États-Unis before the Italians were demanding immediate attention to their matters. On March 15 Orlando, the Italian premier, called twice upon the President. The Italians feared that their claims, involving Austria-Hungary, would be shelved until the German treaty was completed and they would thus lose all opportunities for bargaining; and they determined to prevent this at all costs.

The Japanese, vastly encouraged while the President was away by assurances under the Balfour resolution that their claims in China and the Pacific were in a fair

way to be favourably considered, now took occasion to press forward again with their demands for the recognition of the principle of racial equality. Their ambassador at Washington had even forwarded to the President on March 4 a formal note upon this subject.[1]

If the great States had weightier demands to present, the small states were more importunate. Venizelos presented the Greek claims to the President on March 14. The Albanians and Lithuanians appealed on the 17th. Delegations of all kinds from all parts of the world had been arriving at Paris during the preceding weeks and they had been organizing, outlining their demands, and, upon discovering how much everyone else was demanding, increasing these demands. The international labour group was already at work with Samuel Gompers representing America, a farmers' committee was sending in statements of its international purposes, women's committees had come from America and England and were eagerly knocking at the Conference door, and even a group of Negroes were there to lead the cause of the black man before the tribunal of the world. The Irish committee appeared with a fighting programme, the Egyptians were there, the Jews maintained a powerful representation for many weeks and were shrewdly and fruitfully active. Scarcely a day passed that mournful Armenians, bearded and black-clad, did not besiege the American delegation or, less frequently, the President, setting forth the really terrible conditions in their own ravished land. Among the President's papers is to be found a heartrending account of starvation in Vienna with a series of photographs showing children in the last stages of emaciation—pictures that must have cut to the heart of any sensitive man.

[1]See Chapter XXXVI for full text.

Every nationality, every group, was demanding new rights, fresh privileges, needed assistance—or territory, coal-mines, railroads—and demanding these things immediately and peremptorily. The small powers argued that the great Powers were about to divide the spoil of the world, why should not they have their share? Among all the mass of the President's papers of this period few indeed are the expressions of understanding or support in his struggle to get a settlement on the basis of the new principles. Over and over again groups which had come to the Conference praising the President's principles to the skies turned bitterly upon him the moment they found he would not or could not instantly support them in their extremest contentions. It was so with the Egyptian group and the Irish group, it was so with the Italians, it was so with certain of the Belgians who, among other things, wanted the seat of the League of Nations at Brussels.

There are, indeed, a few friendly or warning notes—like those from C. P. Scott, editor of the Manchester *Guardian*, and Howard Bliss, president of Beirut College in Syria, who fears that the Old Order is coming again uppermost in its treatment of Turkey (as indeed it was), but these are notable for their rarity.

In the first few days after his return the President had made a number of telling strokes in the gathering mêlée, which, while they indeed gained him some ground, also served to irritate and consolidate the opposition. On March 15 (as already explained) he had upset many plans by declaring that the League must be an integral part of the Treaty. On March 17, he had destroyed, in the Council of Ten, the elaborate scheme of the French for the perpetual maintenance of control of the military and naval affairs of Germany. A little later he was in-

strumental in again defeating, in the League of Nations Commission, the Bourgeois proposal to make the League practically a military alliance for the defense of France. His action also, in refusing by wireless, while on the ocean, to consent to the French proposal to include the costs of war in the payments Germany must make, still rankled.

At the same time a wave of panic and pessimism seemed to sweep across the world. Bolshevism was active in the east and spreading westward. It seemed that unless something was done immediately the world would sink into complete anarchy.

"The great and crucial point of the Conference is arriving," I wrote in my notes of March 18, "with corresponding feverishness of opinion. At the same time the whole world is near collapse. We hear that the industrial situation in England is acute, with huge strikes threatened. A Dutch editor told me yesterday that the situation in Holland is bad. It is so all over the world. Peace must be swift if it beats anarchy. As the pressure intensifies, the work centres in fewer and fewer hands, smaller conferences, quieter decisions. . . . To-day the Three met for a long conference at the Crillon—Wilson, Lloyd George, and Clemenceau. I saw the President afterward and he said that they had covered several of the most important questions, but, while no decisions were arrived at, 'important progress was made.'"

This private meeting of the Three, on the 18th, was only one of several held during these turbulent days; and each meeting served only to reveal the depths of the differences which existed between them. On the 20th a special secret session was held in Lloyd George's apartment and the whole noisome problem, new to the Presi-

dent, of partitioning Turkey under the old secret treaties, was poured out. Here also the President was in opposition to both French and British claims.[1]

All these early meetings of the Three or Four were held outside the regular sessions of the Council of Ten. An attempt was made to keep the old machinery running as usual, but the more complicated and desperate the struggle grew the more the leaders felt driven to conceal the seriousness of their dissensions, and to make speedier progress. They tried, for example, to keep the Polish question, in which the French were almost as much interested as in their own demands, before the Ten. Hostilities had broken out between the Poles and Ukrainians in Galicia. Foch appeared (March 17) with his irrepressible project for sweeping military operations aimed at Russia. This time he proposed to pivot his campaign on the relief of the Polish garrison at Lemberg. He wanted to send a part of Haller's army there by way of Vienna. Once more he was foiled by the adoption of a peaceful plan for a Polish-Ukrainian armistice, leaving the transport of Haller's troops for further study. The copious leakage to the press regarding these and other delicate matters, such as the problem of the disposition of Danzig, in which Lloyd George was opposing and the French were supporting the Polish claims, with the fact widely heralded that the Delegates were all at sixes and sevens, drew a hot protest from Lloyd George on March 21.

Mr. Lloyd George said . . . it was necessary that at these meetings the members should express themselves quite freely and quite clearly. He was therefore surprised . . . to find in the French papers not only a full report of the Committee's finding illustrated by secret maps; but, in addition, a garbled account of what he himself had said in the Council. . . . The report gave a very

[1]See Volume III, Document 1, for full minutes of this meeting.

wrong impression of what he had said, and the distortion permitted an opportunity for violent attacks upon him . . . The disclosures which were daily appearing in the papers in connection with the peace negotiations were causing the greatest harm in Germany . . . The occurrence of such incidents only tended to encourage the Germans to give the public the wrong impression that the Allies were only fighting each other for individual advantages. . . . Such incidents must be put a stop to.[1]

At the very same session Foch's project for sending Haller's army to Lemberg was ruled out entirely and he was directed to take up the general question of transport with the Germans at Spa. He immediately revolted, refused to be a "letter carrier"; and this new disagreement between the two most powerful men in France—Clemenceau and Foch—was eagerly whispered about, adding to the feverishness of the already overcharged atmosphere of Paris. What was to be done to keep Foch down?

On March 24 he was summoned to a secret meeting of the Four, reduced to order, and given instructions for his mission at Spa.

But there is the best of evidence that the French militaristic party was by no means subdued by a single setback. Few people realize how near the whole of Europe came, at this time, to being precipitated into a new and more terrible war. The flames of panic fear, especially of Bolshevism, were actually fanned by military intrigue in order to force the hands of the Councils at Paris and compel military action. Not only was Foch arguing insistently his Napoleonic schemes of conquest before the Ten and defying the authority of the Four, but an extensive military and diplomatic intrigue was going on in Hungary and in Russia.

[1]Secret Minutes, Council of Ten, March 21.

It must not be forgotten that the diplomatic and military affairs of eastern Europe were almost exclusively in French hands—and in the hands of men long trained to looking at everything from the old diplomatic and military point of view. It was a machine easily employed by the dark forces at Paris, or, even if left alone, it went on working according to its traditions. It is in considering the strength and durability of the more distant ramifications of the Old Order—considering how it was woven into the very life and thought of all these lesser diplomats and political soldiers—that one comes to see clearly what a task Wilson had set himself at Paris. It was no mere conversion of Clemenceau—it was the reversal of a whole system of tenacious traditions and practices. If this self-working machine was headed off in one direction it immediately began to function somewhere else. While the Ten and Four, for example, were holding Foch back at Paris, while Wilson was arguing with Clemenceau, a reactionary clique in the French ministries of War and Foreign Affairs, represented by General Berthelot in Rumania and Colonel Vyx at Vienna, was playing the game of the Old Order in another quarter. After having encouraged the Rumanians to advance beyond the original armistice line into Hungary, this group had advocated a neutral zone between the Rumanians and Hungarian armies extending far into territory of solidly Magyar population. This arrangement, unknown at the time to the Hungarians, was blindly approved by the Council of Ten on February 26—while the President was away. But the decision was shrewdly kept dark in order to await the decision of the Council regarding Foch's greater proposal for military action by the Allies at Lemberg. When, on March 17, this latter scheme was blocked at Paris, on March 19 the note establishing the neutral zone in

Hungary was suddenly delivered at Budapest, although it must have been known that it would cause an explosion.

"What," asked General Bliss in a penetrating memorandum on the subject, "is the connection between these two dates?"[1]

Instantly the storm aroused by this unfair proposal caused a revolution in Hungary, the downfall of the Karolyi government, and the advent of Bela Kun and the Bolshevist régime. Every evidence in these secret documents goes to prove clearly that the French military and diplomatic authorities not only welcomed but stimulated this outcome with the idea of forcing military action and military settlements. In a remarkable memorandum sent by the watchful General Bliss to the President on March 28 the whole foul scheme is stripped bare.

> I think [says Bliss in his letter] that it brings you face to face with the gravest decision yet called for at the Peace Conference. If carried into execution it means the resumption of general war and the probable dissolution of the Peace Conference.

He sums up his memorandum with these serious words:

> It looks as though, either through the action taken in Hungary or the proposed action in respect to the port of Danzig, or through both of these means, it was determined to break off the general armistice, both with Germany and with the Austro-Hungarian States. The United States is being dragged into a resumption of the war through the fact that all negotiations or dealings with the enemy are in the hands of the French. . . . Nothing but the most complete understanding with them as to the general attitude of the United States will alter the present tendency of events. I believe that the issue must be met within a very few days.

Another element was making the French militaristic faction more desperate to rush the game. They had

[1]For this and further quotations below see Volume III, Document 26, for full text, memorandum of Major General Tasker H. Bliss.

actually gone ahead with an invasion of Russia—at Odessa—so confident were they of support at Paris and of the power of Foch; but their motley host in South Russia was crumbling rapidly despite the aid of Greece and Berthelot's intrigues with the Ukrainian Government. France's foothold in Russia was slipping away; the evacuation of Odessa was imminent. Their only hope lay in immediate and vigorous military action—new wars.

By these underhanded methods the Old Order was desperately endeavouring to force its programme upon the Councils. It is probable that these intrigues were, in part, played behind Clemenceau's back and by elements more or less hostile to him. Could it have been wholly without his knowledge? Just as Lloyd George eagerly used British reactionaries or British liberals, as the circumstances demanded, to serve his purposes, so Clemenceau no doubt used these forces of the Old Order to help him in his struggles in Paris.

While he was unfavourable on the whole to Foch's grandiose scheme for an offensive against Russia, the plan of a defensive line based upon strong friendly states in eastern Europe, the "sanitary cordon," appealed strongly to him. These military and diplomatic intrigues might, therefore—if given just enough rope, but not too much—help in the grand cause of French security. And they had another great advantage: they tended to confuse and wear down President Wilson; tended to rush him off his feet and make him see that security for France and for the world could rest only upon a military basis. They tended to show Wilson how hopeless was his dream of a New Order.

All of these things combined served to raise up a vast hubbub of public opinion against the delays in concluding the settlements. Part of this popular feeling was genuine enough, growing out of utter and desperate weariness and

fear, but a large part also was manufactured and found expression in certain elements of both the French and British press. The absurd charge was made that the League of Nations was causing these delays.

"The Peace Treaty is being held up," cried the London *Globe* on March 20, "to save the 'amour propre' of the authors of the League of Nations draft, so that the whole may be presented to the United States Senate in a manner to insure its being swallowed."

The French press was even louder in its criticisms and demands.

One may grant that the discussion of the League of Nations and the President's home problems were additional complications, but they bulked small indeed before the other stupendous problems that now stood in the way—or before the struggle between Wilson and Clemenceau regarding the naked principles of the peace. For Wilson refused to be frightened by the bogie of Bolshevism, or turned from his course by the criticism which was now becoming world-wide.

The discussions were rapidly approaching a complete impasse as between Wilson and Clemenceau. The demands, objections, obstructions of the French were blocking progress at every turn. Again and again the President complained of this attitude. In my notes of March 22 I find:

> The President is growing impatient with the French, who are delaying and objecting at every point. The French are suffering from a kind of "shell-shock" and think only of their own security. . . . The same report comes from every committee, "the French are holding us back; the French are talking us to death."

The French, indeed, had now placed their entire programme of security before the Conference and were determined to drive it through without bating a jot.

What was to be done? The Conference could no longer pretend to go on functioning normally. It was becoming dangerous to drag out such obstinate controversies in the leaky and cumbersome Council of Ten. Evidence came every day that the German press was revelling in the reports of these difficulties at Paris, and was even predicting that the entire Conference would break down. Moreover, there were ugly secret matters, like those connected with the arrangements for partitioning Turkey, which Clemenceau and Lloyd George dared not publish to the world—but which must be settled before they could go on.

Consequently, the regular meetings of the Ten, which, under the circumstances, were becoming farcical, were discontinued, and on March 25 the Conference formally centred in the Council of Four, working in strict secrecy, struggling frantically to straighten out the confused web in which they were all entangled.

The next eight or ten days were the most difficult of the entire Conference—the really Dark Period. The leaders themselves were working in the dark, often without even a secretary present, and no minutes. The world was in the dark, without real news—for there was no news—but fed upon rumour and conjecture. The future indeed looked black. The London *Times* on March 30 expressed in its headlines a general feeling: "Peace Conference's gravest hour . . . compromise impossible."

In the midst of this blackness, with the entire structure of the world threatening to crumble under the feet of the Four at any moment, Clemenceau obstinately refused to give up an item of the programme of security upon which the Conference had come to a deadlock. It seemed useless to argue with him. He would break through a process of reasoning, no step of which he could confute, and take

his stand upon the one proposition: "France must have this for her security, or we have lost the war." President Wilson despairingly remarked:

> We spend an hour reasoning with Clemenceau, getting him around to an agreement, and find when we go back to the original question Clemenceau stands just where he did at the beginning.[1]

It seemed as if the old Tiger would rather see the world go to smash then and there than give up any of the future "security" of his beloved France. The very desperateness of the situation played into his hands. He had only to stand firm and keep the Council facing the choice between yielding to his demands or sending the world to ruin. He was under great pressure from the more chauvinistic, reactionary French group not to give way, but he had no need of such stiffening: his own convictions determined his course.

In the face of these alternatives, what course could Wilson take?

He would not accede to Clemenceau's demands, because he believed that a peace upon that basis meant an utter repudiation of the American principles—everything that had been agreed upon at the Armistice. On the other hand, Clemenceau would not accept the President's programme of security by guarantees. The whole attitude of approach, the state of mind, was antithetical; there was no common ground. One said the peace must rest upon military force; the other said it must rest primarily upon moral sanctions, common guarantees, a permanent instrumentality.

For a time Wilson set his teeth and struggled manfully by sheer logic and appeal to higher motives to move Clemenceau from his position, to convince him that these

[1] The writer's diary, March 28.

military devices would never secure to France what she really wanted and that there were better—not only more just but more practical—ways of securing the future of France.

On one day the session broke up with bitter charges by Clemenceau that Wilson was "pro-German," that he was "seeking to destroy France." The President, bitterly offended, went for a long drive in the Bois during the noon intermission, and at the beginning of the afternoon session he stood up before the other Three and in a great appeal—Admiral Grayson, who heard it, said it was one of the most powerful speeches the President ever made—set forth again his vision of the peace.

After it was over M. Clemenceau was much affected, and he shook the President's hand and said:

"You are a good man, Mr. President, and you are a great man."

But though the President could touch Clemenceau's emotions he could not make him yield. "A kind of feminine mind" was the President's characterization of his difficult opponent.[1]

Some of those who were close to the President urged him strongly to come out with a public statement, which, even if it did not entirely clear up the controversy, would at least show the impatient public the reasons for the exasperating delay, and that it was not due to the Americans, or their proposal for a league of nations. The writer, as director of the American Press Bureau, was under great pressure from newspaper correspondents for some guidance as to what was happening. There was increasing evidence of alarm and impatience at home. Tumulty cabled repeatedly from Washington of developing "bitterness" and "uneasiness."

[1]The writer's diary, March 27.

There is great danger to you in the present situation [he says, March 25]. I can see signs that our enemies here and abroad would try to make it appear that you are responsible for delay in peace settlement and that delay has increased momentum of bolshevism and anarchy in Hungary and Balkans. Can responsibility for delay be fixed by you in some way?

Finally, on March 27, in order to get the matter practically before the President, we worked out, in our Press Bureau, a draft of a proposed statement which, without going into personalities, would yet enlighten the world as to what the trouble really was. We laid it up squarely to "obstructionist groups" who were making "claims for strategic frontiers and national aggrandizement." "In pressing what they believe to be their own immediate interests," we said, "they lose sight entirely of the fact that they are surely sowing seeds of future wars."

I presented this draft to the President but he said he was not ready yet to make statements even so guarded as these; but he did take the last paragraphs of the statement, in which the League of Nations was exculpated of blame for the delay, and dictated a revision of it to Mr. Swem:

In view of the very surprising impression which seems to exist in some quarters that it is the discussions of the Commission on the League of Nations that are delaying the final formulation of peace, I am very glad to take the opportunity of reporting that the conclusions of this commission were the first to be laid before the Plenary Conference. They were reported on February 14, and the world has had a full month in which to discuss every feature of the draft covenant then submitted. During the last few days the commission has been engaged in an effort to take advantage of the criticisms which the publication of the Covenant has fortunately drawn out. A committee of the commission has also had the advantage of a conference with representatives of the neutral nations, who are evidencing a very deep interest and a practically unanimous desire to align themselves with the League. The revised covenant is now practically finished.

It is in the hands of a committee for the final process of drafting and will almost immediately be presented a second time to the public.

The conferences of the commission have invariably been held at times when they could not interfere with the consultations of those who have undertaken to formulate the general conclusions of the Conference with regard to the many other complicated problems of peace, so that the members of the commission congratulate themselves on the fact that no part of their conferences has ever interposed any form of delay.

This was indeed telling the public where the fault did *not* lie, but leaving still in the dark the true cause of the delay. The President still hoped to force his programme and wished to do nothing that would further complicate the already dangerous situation.

On the following day, March 28, when I urged again that some positive report be given out, he replied:

"How can we? We have nothing to report. We have accomplished nothing definite, and if I were to tell the truth, I should have to put the blame exactly where it belongs—upon the French."

The pressure was steadily growing heavier—and the President, desperately driven, was beginning to show the physical strain. He was not only sitting with the others in two long sessions daily but he was also trying to meet the criticisms of delay, so far as the Americans were concerned, by holding night sessions of the League of Nations Commission at the Crillon to drive to a conclusion the drafting of the Covenant.

I may here set down his schedule for a single day (March 31):

8 o'clock. Breakfast.

8:30 to 10:30. With Close on his correspondence and examining the memoranda for the day.

10:30. Lloyd George came in for a conference.

11:00. The Big Four met—with a meeting in another room of the financial experts. The President went back and forth between the two meetings.

1:20. Luncheon. Lloyd George, Colonel House, and M. E. Stone present.

3:00. Meeting at French War Office with Clemenceau, lasting until 7 o'clock.

7:15. Met Secretary Daniels.

7:25. Met me.

8:00. Dinner.

9:00. Studying reports and maps for to-morrow's meeting.

The President was thus under a strain far greater than that of any other of the Four. And yet it was also hard on the others. Clemenceau suffered in the sessions from violent attacks of coughing, the aftermath of the assassin's bullet wound. As for Lloyd George, his description of these days, made later in the House of Commons, in reply to an attack of the Northcliffe press, is a classic:

> We had to . . . work crowded hours, long and late, because, whilst we were trying to build we saw in many lands the foundations of society crumbling into dust and we had to make haste. . . . I am doubtful whether any body of men with a difficult task have worked under greater difficulties—stones crackling on the roof and crashing through the windows, and sometimes wild men screaming through the keyholes.

The struggle in the dark had now been going on for about two weeks, and practically nothing had been settled. Modifications in the form of their demands had indeed been offered by the French, but the substance was not substantially changed. One day the problem of the Rhine frontier would be discussed in an endless round of argument, coming back always to the irreducible

French demands for security; the next day the Saar Valley problem would be fought over; the next, proposals—the most difficult and complicated of all—for reparations.

There now began to be a sharp alarm lest the Peace Conference actually break down—and if it did, what chaos might follow?

Wilson still stood firm on the issue of the pre-Armistice pledges. Clemenceau threatened to resign. Indeed, the dogged veteran was himself under great pressure from the Poincaré-Foch group in France. The President had frankly faced this contingency, but the difficulty was that if Clemenceau went out his successor was likely to be still more intransigent, harder to deal with.

"A new premier," he remarked sadly on April 2, "would probably be no better than Clemenceau."

On another occasion he said:

"Clemenceau is threatening to resign."

"Would it not clear the situation?" I asked.

"We should probably get some man like Poincaré in his place," he said helplessly.

Wilson himself had also said that if the conditions of peace agreed to by all of them were to be torn up, he might as well go home. But Clemenceau took fright at this for he was no more anxious to see Wilson leave the Conference than he himself was to resign. His principle was to keep the three great Powers together for the security of France. Thus, both he and Wilson had tremendous weapons in their hands, but both shrank from using them. The danger to the world was too great; and it was plain enough to Wilson that if the Conference did break up, the war that Foch and the militarist party were so eagerly demanding, and the intriguers of Central Europe so busily exciting, would probably begin at once. America still had a vast army in France and Germany:

could she keep out of such a war? General Bliss saw this danger clearly and dreaded it.

"The time has not come," said the President in confidence; "we cannot risk breaking up the Peace Conference—yet."[1]

But he had begun now to consider even that extreme measure. He had begun considering an actual withdrawal of America from the Conference.

On April 2 matters were reaching an unbearable crisis. Bolshevism was spreading into starving Germany owing to the fact pointed out as long ago as February 4 by Herbert Hoover in a letter to the President, that "The French, by obstruction of every financial measure that we can propose, to the feeding of Germany in the attempt to compel us to loan money to Germany for this purpose, have defeated every step so far for getting them the food which we have been promising for three months."

The Hungarian disorders had grown into a veritable storm. There seemed to be a general drive by all the old forces to bring about armed intervention to combat the forces of disorder. This was not only clearly shown by General Bliss in the memorandum already quoted, but strange support, in unexpected quarters, was being used. For example, the President received an autograph note on March 30 from the King of Spain enclosing a long letter from the deposed Emperor Karl of Austria, urging the President to use his influence to bring about military action against Bolshevism and for the formation of a new confederation of states in southeastern Europe (under the Hapsburg Dynasty!) to act as a bulwark against the danger.[2]

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[1]The writer's diary, March 28.

[2]See Volume III, Document 27, for full text of letter of Emperor Karl with letter of transmittal to President Wilson from the King of Spain.

On April 2 the President was at the end of the tether. I find in my notes for that day:

> He [the President] said that it could not go on many days longer; that if some decision could not be reached by the middle of next week, he might have to make a positive break. . . .
>
> I spoke of the feeling of unrest in the world, the new revolts in Germany and in Hungary, and of the blame for delay that was everywhere being charged, unjustly, against him.
>
> "I know that," he said, "I know that." He paused. "But we've got to make peace on the principles laid down and accepted, or not make it at all."

But it was all too much for his overburdened constitution. On the following day, April 3, he fell seriously ill; and on April 7, as soon as he was again on his feet, he ordered the *George Washington* to sail immediately from America. He had reached the breaking point.

The elements of this crisis are so important that they will be treated in the following chapter.

CHAPTER XXVII

The French Crisis—President Wilson's Illness—Ordering the *George Washington*—Lloyd George Versus Clemenceau

PRESIDENT WILSON was now lying ill in his bed, considering the pass to which the world had come. The affairs of the Peace Conference were so critical, and the danger of an announcement of the real seriousness of the President's illness so great, that the Council of Four was continuing to meet in the next room, with Colonel House representing the President. They were struggling with a hopeless tangle of problems and making no progress whatever.

The President's illness could not have come at a more inopportune time. It had been a sudden and violent attack. Dr. Grayson, who was much alarmed, thus describes the seizure (in a letter to Secretary Tumulty, April 10):

> The attack (April 3) was very sudden. At three o'clock he was apparently all right; at six he was seized with violent paroxysms of coughing which were so severe and frequent that it interfered with his breathing. He had a fever of 103. . . . I was at first suspicious that his food had been tampered with, but it turned out to be the beginning of an attack of influenza . . . his condition looked very serious.[1]

How the President had borne up under the strain of his task up to this time with all the demands upon him in-

[1] "Woodrow Wilson as I Know Him," by Joseph P. Tumulty, p. 350.

cidental to his great position both at Paris and in America was a mystery to all who knew him. He was now in his sixty-third year and had always been in delicate health. When he came to the White House in 1913 he was far from being well. His digestion was poor and he suffered painfully from neuritis in his shoulder. It was the opinion of so great a physician as Dr. Weir Mitchell of Philadelphia that he could not complete his term and retain his health. And yet such was the indomitability of his spirit, such the iron self-discipline of the man, and such the watchful care of Dr. Grayson that, instead of gradually going down under the tremendous tasks of the Presidency in the most crowded moments of our national history, he steadily gained strength and working capacity.

Sometimes there at Paris when I went up to see him, in the evening after the meetings of the Four, he looked utterly beaten, worn out, his face quite haggard and one side of it and the eye twitching painfully; but the next morning he would appear refreshed and eager to go on with the fight. In those days, although he occupied the very centre of the world's great stage, with all humanity watching every move he made, listening for every word he said, he lived almost the life of an anchorite. For days during the crisis he saw almost nobody not intimately connected with the actual business of the Conference. He had no social life at all, no recreation, scarcely any exercise. Occasionally he would take a short automobile ride in the Bois with Mrs. Wilson; sometimes a little brisk walk with Dr. Grayson. And he would stand by the open window, now and then, in such moments as he could catch, and breathe deeply. He did everything possible to get every ounce of energy out of his bodily and mental machine for his daily struggle.

Sometimes in the evening I used to find him in the

study of his house—a dark, richly furnished room looking out upon a little patch of walled garden with an American sentinel pacing up and down the passageway. A prisoner could not have been more watchfully guarded! But the prison-cell itself was a charming place. The French owner of the house had been an art lover and there hung in this room a number of rare old pictures: an interesting Rembrandt, a Delacroix, an Hobbema, several Goyas. I wondered sometimes what Rembrandt would have made of "A Sitting of the Four" if he had been there to paint it! It was a curious room, this study, seeming to have only one entrance, but one day I saw the President step to the back of the room and open and go through what appeared to be a solid, well-filled bookcase into a passageway leading to his bedroom beyond. It was a concealed door cunningly painted to look like a case filled with books.

Mrs. Wilson's sitting room was opposite the President's study, with a small reception room between, and her sunny window opened also on the little grassy court, and above the wall across the street one could look into the upper windows of the house occupied by Mr. Lloyd George.

No one can overstate the service rendered by Mrs. Wilson, not only during these trying hours, but throughout the Conference. She kept herself informed of the daily progress of the discussions, often listening while the President was outlining for me, at the close of the sessions, the events of the day; and the President constantly discussed with her the problems of the Conference. She comported herself in every difficult social situation in Europe with fine dignity and with genuine simplicity and graciousness of manner.

It may be said, in passing, that the President and Mrs. Wilson never upon any occasion whatsoever, no matter how difficult, failed to represent America and the Amer-

ican people with distinction. The President never represented what was cheap or crude in American life, but unfailingly what was highest and best; and he was not less successful in capturing the critical audience at the Sorbonne, where he made one of his notable speeches, than he was with the mass of the workers who swarmed around the Crillon Hotel on May Day shouting, "Vive Wilson! Vive le Président!"

In the present crisis of his illness Mrs. Wilson was of incalculable help and comfort, exhibiting great steadiness and serenity of mind and meeting every difficulty with strong good sense.

It was in the bedroom behind the bookcases that the President was now lying ill, with the Four sitting at almost arm's reach in the study outside. This grim sick man well knew the crisis that now existed and did not propose to let go for a single instant.

Colonel House had long been impatient and highly critical of the delay, and now attempted to bring things quickly to a head. He told the newspaper correspondents again and again that "peace could be made in an hour."

Peace could, indeed, have been speedily made by giving the French what they demanded! But Colonel House made no progress because each day, when he referred the new proposals—which were never anything but the old proposals twisted about—to the sick man in the room beyond the wall he found unbroken opposition. "No," said the President.

And the difficulties continued to deepen, and the world situation grew more chaotic. Orlando, Premier of Italy, took this very moment to write the President a letter (April 3), refusing even to attend a meeting in which the representatives of the Slovenes and Croats were to be

heard.[1] On April 4 came the news that the Hungarians were raising a Red army to back their contentions by force, and on the same day the handsome King Albert of the Belgians came flying down by airplane from Brussels to insist upon the priority right of Belgium to reparation—thus adding a new and irritating complication. On the following day, April 5, the startling news came that Bavaria had joined the Bolshevist ranks, and a telegram from A. C. Coolidge (April 7) predicted revolution in Vienna in two or three days. On April 6 there was an ugly red-flag parade in Paris with cries of "A bas Clemenceau" and "Vive le Président Wilson," to protest against the acquittal of the assassin of Jaurès, with extremist speeches by socialist leaders.

To make matters still worse—if that were possible—there began a sudden and violent outbreak of criticism of the Conference—and especially of the President—in the Paris (and to some extent in the London) press. It was so timed as to make it seem impossible that it was not calculated and directed.

The desperate situation of the Conference was well known to many of those at Paris. I find in my notes of that time:

> If it were not for the feeling that peace must be made, that the Conference cannot be allowed to fail, I should say that everything was going to smash. The President was in bed all day. The Italians are threatening to go home; news comes from North Russia that the Bolsheviki are pressing the British-American troops there and threatening their extermination.
>
> Colonel House prefers to work with Clemenceau rather than Lloyd George. He told me to-day that Lloyd George said to him: You and I do not agree as well as the President and I agree. The Colonel is still optimistic! The other members of the commission, Secretary Lansing and Mr. White, know next to nothing of what is going on.

[1] See Chapter XXXI p. 148, for facsimile of this letter.

The Colonel would make peace quickly by giving the greedy ones all they want! He sides with those who desire a swift peace on any terms: the President struggles almost alone to secure some constructive result out of the general ruin. If these old leaders only knew it, Wilson is the only strong bulwark left in the world against a wild Bolshevism on the one hand and a wilder militarism on the other. He would save the present democratic political system in the world by making it just, decent, efficient—by proving that it can solve the real problems so clearly seen by the extremists. But what these old leaders are doing, with their greedy demands and selfish interests, is to give new arguments to Lenin and new force to Foch. They can't see this—and plunge on to their doom.

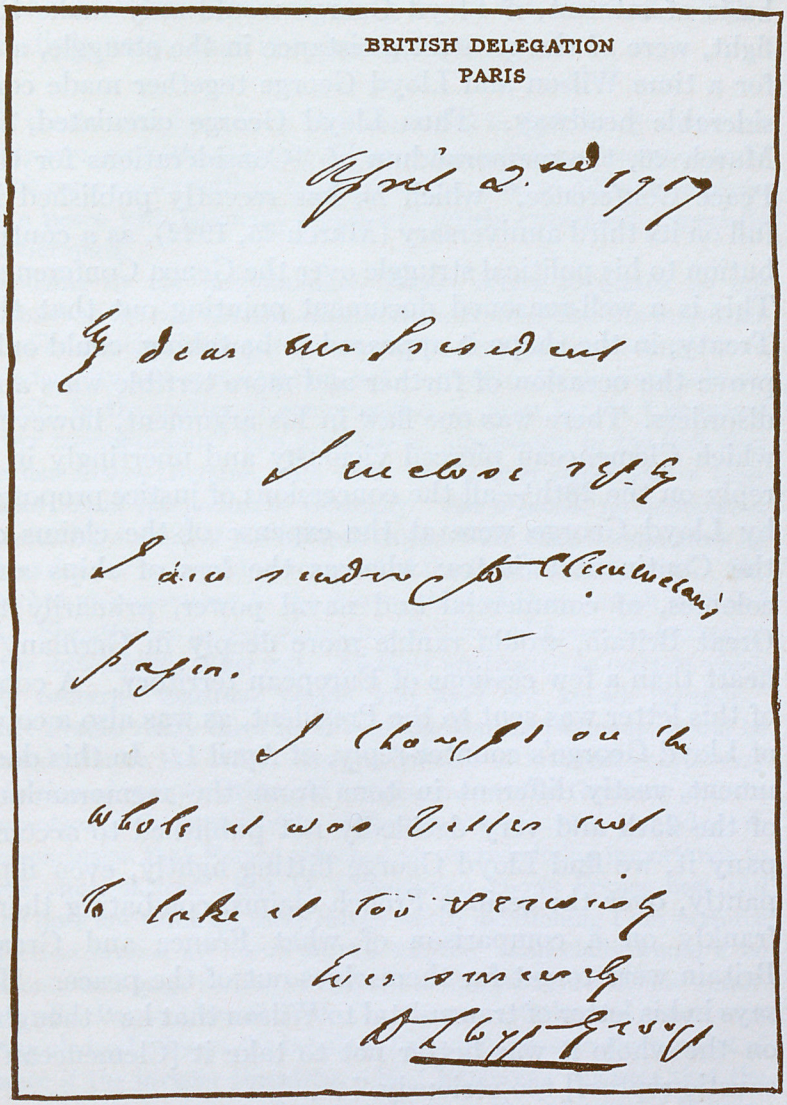
In this deadly struggle over the French claims, where was Lloyd George? In the beginning of the Peace Conference the President had had great hope of working in full accord with the British, for he felt that the ideals he had set forth were truly Anglo-Saxon ideals. He did find better, wiser, and stronger support from the British liberals, such as Smuts and Cecil, than from any one else, and a better interpretation in the British liberal press than anywhere else. But Lloyd George was a great disappointment to him. Lloyd George seemed to have no guiding principles whatever. He was powerfully on one side one day and powerfully on the other the next. He was personally one of the most charming, amiable, engaging figures at Paris, full of Celtic quicksilver, a torrential talker in the conferences, but no one was ever quite sure, having heard him express an unalterable determination on one day, that he would not be unalterably determined some other way on the day following. He was full of sudden bright ideas, he contracted enthusiasms, he had panics, and amused or charmed nearly everybody with whom he came into personal contact. He had to have his tea every afternoon—and got it—though it overturned the ancient proprieties of that most solemn of

institutions, the French Foreign Office; and he had the British passion for fresh air. I saw him one day come bursting out of the hermetically sealed room where the Peace Conference was sitting in supposed secrecy and, throwing up both his hands, exclaim:

"I don't believe the air in that room has been changed since the time of Louis Philippe!"

Lloyd George had failed the President utterly while he was absent in America (as shown in Chapter XXIII), but upon the President's return and in the face of the overwhelming attack of the French, with their full programme of demands—which frightened even Lloyd George—he ranged himself generally on the President's side as against Clemenceau, and even outdid the President in his opposition in certain matters—like the Polish settlements. But he was never against the French demands on the basis of principle, as was the President. He never seemed to consider that he was in the least bound by the promises solemnly made at the Armistice. What he wished was, first, to prevent the French from getting too much, as compared with the British, and second, to get a peace that the Germans would sign. His policy was therefore to whittle down each French demand as it was presented; Wilson's was to demand another policy entirely: a just policy of permanent peace. Lloyd George never seemed to see the great, stark controversy between the principles of the new and the interests of the old in which those sincere fighters, Wilson and Clemenceau, were desperately engaged. He had little idealistic inspiration and no true convictions. He was himself instinctively a statesman of the old school and could meet the arguments of interest and of force only with other arguments of interest and of force.

But arguments against Clemenceau, even on the


BRITISH DELEGATION
PARIS

Wednesday 2nd 1919

My dear Mr President

I enclose you
I also send to Clemenceau
for you.

I thought on the
whole it was better
to take it to Versailles
than otherwise

Yours sincerely
D Lloyd George

Letter of Lloyd George to Wilson, April 2, transmitting his reply to Clemenceau

basis of interest, if Lloyd George would only make the fight, were of the greatest assistance in the struggle, and for a time Wilson and Lloyd George together made considerable headway. Thus Lloyd George circulated, on March 26, the memorandum of "Considerations for the Peace Conference," which he has recently published in full on its third anniversary (March 25, 1922), as a contribution to his political struggle over the Genoa Conference. This is a well-reasoned document pointing out that the Treaty, in the shape it appeared to be taking, could only prove the occasion of further and more terrible wars and disorders. There was one flaw in his argument, however, which Clemenceau pierced viciously and unerringly in a reply on the 28th[1]—all the concessions of justice proposed by Lloyd George were at the expense of the claims of the Continental States; whereas the loss of ships and colonies, of commercial and naval power, primarily to Great Britain, would rankle more deeply in Germany's heart than a few cessions of European territory. A copy of this letter was sent to the President, as was also a copy of Lloyd George's counter-reply, of April 1. In this document, vastly different in tone from the memorandum of the 25th and very decidedly not published to accompany it, we find Lloyd George flitting lightly, even flippantly, over the serious French claims, combating them frankly on a comparison of what France and Great Britain were to get for themselves out of the peace. He says in his letter of transmittal to Wilson that he "thought on the whole it was better not to take it [Clemenceau's caustic reproof] too seriously."

This final letter in the controversy, written by Lloyd George, is so interpretative of the true Lloyd George and

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[1]See Volume III, Document 28, for full text.

at the same time so revealing as to the methods of the old diplomacy, that it is here given in full.

If the document put in by M. Clemenceau in reply to my statement really represents the attitude of France towards the various questions which come up for settlement, there ought to be no difficulty in making a peace with Germany which will satisfy everybody, especially the Germans.

Judging by the memorandum, France seems to attach no importance to the rich German African colonies which she is in possession of. She attaches no importance to Syria, she attaches no importance to indemnity and compensation, not even although an overwhelming priority in the matter of compensation is given her, as I proposed in my memorandum. She attaches no importance to the fact that she has Alsace-Lorraine, with most of the iron mines and a large proportion of the potash of Germany. She attaches no importance to receiving a share of the German ships for the French ships sunk by submarines or to receiving any part of the German battle fleet. She attaches no importance to the disarmament of Germany on land and sea. She attaches no importance to a British and American guarantee of the inviolability of her soil. All these are treated as matters which only concern "maritime people who have not known invasion." What France really cares for is that the Danzig Germans should be handed over to the Poles. Several months of insistent controversy on Syria and compensation and the disarmament of Germany and the guarantees of the inviolability of French soil, etc., etc., had led me to the conclusion that France attached an overwhelming importance to these vital matters. But M. Clemenceau knows France best and as he does not think all these things worth mentioning I am perforce driven to reverse my views on this subject. Especially would it be welcome to a large section of opinion in England who dislike entangling alliances to know that M. Clemenceau attaches no importance to the pledge I offer on the behalf of Britain to come to the support of France if the invader threatens. M. Clemenceau suggests that the peace we propose is one which is entirely in the interests of Britain. I claim nothing for Britain which France would not equally get. In compensation, although including the expenses of the war it has cost as much to Britain as to France, I propose that France should get twice as much of the indemnity, and if my proposals seem to

M. Clemenceau to favour Britain it is because I was, until I read his document, under the delusion that France also attached importance to colonies, to ships, to compensation, to disarmament, to Syria and to a British guarantee to stand by France with all her strength if she were attacked. I regret my error and shall be careful not to repeat it.

I may be permitted to correct one out of many misrepresentations of my document. It is true I suggested temporary ownership of the whole of the Saar coal field with guarantees for permanent access to the coal, but this proposal was made as an alternative to another which I placed first—namely, the restoration of the 1814 frontier. Inasmuch, however, as M. Clemenceau treats this suggestion as a further proof of British selfishness I promptly withdraw it.

[*Signed*] D. Lloyd George.

But the only result of this controversy between Lloyd George and Clemenceau—although it was supposed to be secret—was to raise a tremendous hubbub in the French press. The *Echo de Paris* began a vituperative attack on "Anglo-Saxon commercialism"—and upon Wilson and Lloyd George. It was charged that an entente between the great business interests of America and Great Britain, designed to dominate the world, was being organized. The French dreaded nothing so much as a steady coöperation of the Americans and the British, because it meant that French demands would, at least, have to be pared down. All the reactionary elements in Europe (including those in England)—there was even an echo in the Italian press—began now to try to separate Lloyd George and Wilson. The *Daily Mail* had an editorial, somewhat cryptically expressed, charging Lloyd George—and incidentally Wilson—with the following crimes:

Tenderness for the enemy;
Charity toward Bolshevism;
Love of money lenders;
Stern impartiality toward friendly peoples;
Anxiety to raise the stricken foe and readiness to forgive his sins.



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President and Mrs. Wilson out for a walk in Paris

Just as the fight was beginning to grow too hot for Lloyd George (and to find disturbing echoes in Parliament) Wilson fell ill—and his powerful and stimulating influence was momentarily removed. Immediately the dexterous Lloyd George began to give conciliatory and apologetic interviews to the *Matin* and the *Petit Parisien*. He was finding a place on the other side to land!

After that, during all the long struggle with the French that remained of the Dark Period, he adopted a new policy. This was a policy of aloofness; a policy of letting Clemenceau and Wilson fight it out. It was a canny part for him to play. He could boldly urge haste, which was just then the popular cry of the world; he could put in an oar—as he did—whenever British interests were concerned; and at the same time he could stand aside easily and watch, even with amusement, Wilson and Clemenceau wearing themselves out in a fruitless round of discussion. He could thus save his skin and even stand to profit by the exhaustion of the other two. He had apparently everything to gain and nothing to lose —and yet lost everything!

If Lloyd George had stood by Wilson at Paris even half-heartedly—if he had only understood and given moral support!—the story might have been different. Still, he had his own difficult problems at home: he represented no single clear note of popular conviction, but a precarious coalition based upon the necessities of war and not yet oriented to the problems of peace. It must never be forgotten that all three leaders represented, or were helpless before, the uncertainties, fears, doubts, hatreds of the war-exhausted publics behind them. The records are full of references by Wilson to American opinion, American constitutional limitations, the American Senate; and Lloyd George feared his own House of

Commons not less than Clemenceau his Chamber. If anything grew clear to the observer at Paris it was that if democracies are really to control international affairs in the future a new technic of diplomacy, based upon a new knowledge and responsiveness on the part of the people, must be devised. To expect a leader to achieve miracles and give him neither understanding nor support at home is the height of absurdity.

Nevertheless, the result of Lloyd George's position was to isolate and hamper the President still further. He understood with painful clearness what was happening. On the first day after his illness that I saw him (April 7) we talked about the shifty attitude of Lloyd George; it was even said that Lloyd George was preparing, at this crisis, to issue a statement throwing the blame for delay upon him (Wilson). I shall never forget the utter sadness of the President's response as he stood there by his desk, his face gaunt from his recent illness.

"Well," he said, "I suppose I shall have to stand alone."

All of these things—this want of support and understanding—came over the President in a black flood while he lay ill. All the objectives, so clearly seen by the world, so ardently supported only a few months before, were now clouded, the initial purposes confused. Whatever was proposed seemed, if not wholly wrong, at least, by comparison with the earlier glowing projects, tragically insufficient.

What should be done? If he could realize absolutely no part of the American programme, if he was forced to accept a peace upon the basis solely of the old diplomacy and the French demands, he might as well go home first as last. He was now considering this project seriously. It would be easy and simple to withdraw; to solve the problems by not solving them, to retire from the field

hugging his bruised ideals—and he would probably have the enormous temporary acclaim of many people if he did it.

On the other hand, would it not leave the world in worse condition than ever before? He had committed himself to a powerful faith in the coöperation of nations in meeting world problems; should he be the first to fly from the obstacles that lay in the way?

As he saw it, clearly, there were two present and terrible dangers hanging over civilization, threatening to destroy it utterly. One was militarism, an aspect of which—Prussian aggression—had been destroyed, after stupendous effort by the war; but militarism was hydra-headed, and an even more insidious representation of it, dictated by French fear, and finding expression in the French demands, was now threatening to place its mark upon the more permanent peace settlements. He had fought these militaristic proposals wherever they reared their ugly heads, and up to this time had been, to an extraordinary degree, successful. Foch's plan of vast invasions of the east had been scotched at every turn. General Bliss had seen the Hungarian intrigue as the gravest crisis of the Conference, but this had been temporarily relieved by peaceful methods—the sending of General Smuts as a conciliator to Hungary. The extreme demands of the French in their original military terms for the erection of permanent military control of Germany had been defeated directly by the President. One of the greatest services Wilson did for the world at Paris—a service not yet fully appreciated—was to head off, at every point, not only proposals for military action, which might have led to fearful new wars, but every proposal for settlements on a permanent military basis. This, in itself, was a very great achievement.

The other danger he saw threatening civilization was anarchy—complete disorganization. He regarded Bolshevism as a chief expression of this danger, but he never believed that it could be met by military methods. Both were devices of force and destruction. He therefore seized eagerly upon every proposal to bring about an amicable settlement of the Russian question.

But, as he said in a private speech at the White House February 28, 1919 (during the week of his return to America), to the members of the Democratic National Committee:

> But we cannot rescue Russia without having a united Europe. One of my colleagues in Paris said: "We could not go home and say we had made peace if we left half of Europe and half of Asia at war. . . ." but if we go home with a league of nations there will be some power to solve this most perplexing problem.[1]

All these problems swept over him there in those dark days of his illness. He saw no clear way out—either to settlements he could accept or to a League of Nations that would do more to allay the military spirit than to stimulate it. In both regards he found himself facing the impenetrable wall of French demands and French objections; he was having to meet Clemenceau in the Council of Four and Bourgeois and Larnaude in the League of Nations Commission. In the last meeting of that commission, a few days before he fell ill, the French had clearly shown that they meant to fight him at every turn, demanding that the League serve primarily French security. Was the whole programme of American principles accepted at the Armistice to go overboard?

It was no sudden or impulsive action on the President's part, the decision to order the *George Washington;* nor was

[1] "Woodrow Wilson as I Know Him," by Joseph P. Tumulty, p. 375.

it due to his illness. He had felt himself for a week or more being forced to some such ultimatum.

Several of his closest advisers were indeed urging vigorous action. Secretary Tumulty cabled from Washington, April 5, expressing the growing feeling in America that some way must be found to break through the impasse:

> The President must in some dramatic way clear the air of doubts and misunderstandings and despair which now pervade the whole world situation. He must take hold of the situation with both hands . . . or political sabotage and scheming will triumph. Only a bold stroke by the President will save Europe and perhaps the world. . . . This occasion calls for the audacity which has helped him win in every fight.[1]

The President decided that he could not and would not get up and resume the struggle on the old terms. He must break the impasse at any cost. Before he would yield to the French demands he would pull out and leave the others to extricate themselves as best they could from the morass into which they were trying to drag him. He would lay all his reasons public and commit further decisions to the peoples of the world. He reached this resolution without consulting any one, not even those nearest to him.

On the morning of April 7, Dr. Grayson brought the information to the Press Bureau that the *George Washington*, then under repairs at home, had been ordered to sail at once for France, and this information was immediately passed on to the correspondents and sent broadcast throughout the world.

Here is a copy of the code cablegram sent by Admiral Benson to the Navy Department at Washington, 7:50 A.M., April 7:

[1] "Woodrow Wilson as I Know Him," by Joseph P. Tumulty, p. 524.

IL-8343
I-MISSION-389

TRANSLATION
From: Knapp, London.
To: Opnay, Washington.

Double priority 8343 mission number 389 for Opnay. What is earliest possible date U. S. S. *George Washington* can sail for Brest, France, and what is probable earliest date of arrival Brest. President desires movements this vessel expedited. Carefully conceal fact that any communication on this subject has been received. No distribution for this dispatch except officers actually concerned. 21106 Benson 8343.
OP-19
KNAPP.
22-2
28-2 750-am 4-7-19
46 L

A curious story has long been current in America that this cablegram was held up for forty-eight hours by the British. This, of course, is not true; it was delivered promptly and promptly acted upon.

It was Wilson's ultimatum. If he had, indeed, to make the fight alone—why, he was prepared to do it.

The President's action in ordering the *George Washington* not only caused a tremendous sensation in Paris but reverberated about the world. It revealed in a flash the hopeless situation which existed within the secret councils and brought the Peace Conference to the brink of disruption. But the profoundly important consequences of the President's ultimatum must be left for another chapter.

CHAPTER XXVIII

The Era of Compromise between Wilson and Clemenceau—Results of the Struggle to France and to Wilson

THE President's ultimatum in ordering the *George Washington* was thoroughly meant. He was prepared to sail for home rather than accept the French programme of settlements, which, he considered, would destroy the accepted principles of the peace. I can perhaps give the best account of the President's position in his own words which I wrote down on the day that he ordered the *George Washington:*

Monday, April 7.

I went up to see President Wilson at 6:30—the first time since he fell ill—and had a long talk. I found him fully dressed, in his study, looking still thin and pale. A slight hollowness around the eyes emphasized a characteristic I had often noted before—the size and luminosity of his eyes. They are extraordinarily clear and he looks at one with a piercing intentness. . . .

He has reached the point where he will give no further. . . .

"Then Italy will not get Fiume?" I asked.

"Absolutely not—as long as I am here," he said sharply.

"Nor France the Saar?"

"No." . . .

"I told him, in urging again that a statement of his position be issued at once, that I believed the great masses of the people were still strongly with him, but were confused and puzzled by hearing every case in the world but ours, and that they would rally again to his support if he told them exactly what the situation was and the nature of his opposition.

"I believe so, too," he said.

I asked him what I could say to the correspondents, and he told me to tell them to read again our agreements with the other Allies and with Germany and to assure them that he would not surrender on these principles—which I did. . . .

I told the President about the effect of his announcement regarding the *George Washington*.

"The time has come to bring this thing to a head," he said. "House was just here and told me that Clemenceau and Klotz had talked away another day. . . . I will not discuss anything with them any more. . . . We agreed among ourselves and we agreed with Germany upon certain general principles. The whole course of the Conference has been made up of a series of attempts, especially by France, to break down this agreement, to get territory, and to impose crushing indemnities. The only real interest of France in Poland is in weakening Germany by giving Poland territory to which she has no right."

The French were shaken, not only by the report of the ordering of the *George Washington*, which was the outward expression of the crisis within the secret councils, but by what Wilson was now saying bluntly to Clemenceau and Lloyd George—which, of course, was instantly whispered about Paris. One would infer from the statement of M. Tardieu in his book[1] that Colonel House reduced the effect of the President's action by minimizing its significance, but none the less, there now suddenly appeared many evidences that the French were afraid that the fight on Wilson had been carried too far. For if the Conference broke up, Clemenceau's central policy of preserving, at all hazards, an entente among the three great Allies to buttress French security would have been lost entirely. Elements of the French press which most nearly responded to the policies of the Quai d'Orsay immediately began to reduce their assertion of French claims. And the very next day (April 8) there even ap-

[1] "The Truth about the Treaty," by André Tardieu, p. 185.

peared one of those extraordinary little items in *Le Temps* which everyone recognized at once as inspired. It was headed "France's Claims," and ran as follows:

> Contrary to the assertions spread by the German press and taken up by other foreign newspapers, we believe that the French Government has no annexationist pretensions, openly or under cover, in regard to any territory inhabited by a German population. This remark applies particularly to the regions comprised between the frontier of 1871 and the frontier of 1814.

This latter region was, of course, the Saar Valley. And this statement, although it is, upon close examination, somewhat ambiguous, symbolized a turning point in the Conference.

The President's bold gesture had cleared the air, and there was apparent a new effort to get together. The *George Washington* could not arrive for a week or ten days. Much could be done in that time.

Moreover, all the parties to the struggles had been sobered by the sudden contemplation of what the condition of the world might be if the forces of peace and reconstruction gave up the job. They found themselves looking into a veritable abyss. Dared any statesman take the responsibility of a breach? Would it mean anything but swift return to even sterner military action on the one hand and wilder excesses of Bolshevism on the other?

A vivid expression of this revulsion of feeling is to be found in Tumulty's cablegram from Washington. On April 5, quoted in the last chapter, he was demanding of the President a "bold stroke," "audacity," a dramatic clearing of the air. Well, the President orders the *George Washington*, and on April 9 Tumulty, who represents always political reactions, cables, almost in a panic:

> The ordering of the *George Washington* to return to France looked upon here as an act of impatience and petulance on the President's part and not accepted here in good grace by either friends or foes . . . withdrawal most unwise and fraught with most dangerous possibilities here and abroad. . . . President should . . . place the responsibility for a break of the Conference where it properly belongs. . . . A withdrawal at this time would be a desertion.[1]

The next five days up to April 13 were in many respects the most important of the entire conference. They were the days in which the French crisis, the most vital of all, was weathered; in which, under the inexorable pressure of events, compromises were made between Wilson and Clemenceau in order to keep the Peace Conference from breaking down. By April 13 enough progress toward a formula of agreement—a formula based upon the rock-bottom proposition that peace must be made—had been reached to warrant the Four in summoning the Germans to Versailles.

While the President's great service during all the troubled months that preceded this crisis, especially before the war closed, had been that of the prophet and philosopher speaking to the people, setting forth general principles and demanding their application, he was also the responsible head of a great State. He knew that if America let go at this crisis the most powerful prop to good order and steady purpose in the world would disappear. He had a decision to make as ancient and fundamental as human aspirations. Should he throw over the whole sordid business in disgust and go home? Should he tread the hard and lonely road of prophecy? Or should he go forward, endeavouring patiently to apply his principles, accepted in a moment of spiritual insight and emotional elevation, to the turgid and intractable

[1] "Woodrow Wilson as I Know Him," by Joseph P. Tumulty, p. 525.

realities of life, working with the world as it is and people as they are and getting the best results he could.

If the President had been a radical he would have chosen the former course, but he was not. He was never a radical; he was never a revolutionary. He drew his inspirations from the institutions and traditions of political democracy as expressed in the great documents of American liberty. He had a vision of the application of the American system to the whole world. He was indeed a powerful critic of American political practices—and came into power upon issues growing largely out of the protest against political corruption—but he was never a critic of the system in order to destroy it, but to rejuvenate it. He would make it so honest and efficient that it would meet and solve all the problems of a troubled world.

As a statesman Woodrow Wilson strongly resembled Edmund Burke, whom he greatly admired. In a little-known but highly significant essay on Burke called "Interpreter of English Liberty" the President sets forth with power the essentials of Burke's policies:

> He pressed with all his energy for radical reforms in administration, but he earnestly opposed every change that might touch the structure of the Constitution itself. . . . He pressed forward with the most ardent in all plans of just reform, but held back with the most conservative from all propositions of radical change.[1]

At the crisis of the Peace Conference, therefore, the President looked out upon the disordered and chaotic world with alarm. Here were powerful forces, not only of disorder, but of radical change. Here was Bolshevism with all it implied; and Bolshevism as an actual political movement was not only sweeping westward—"like a flame"—

[1] "Mere Literature," by Woodrow Wilson, p. 148.

but its policy of radical change had found lodgment, if not yet political expression, among the people of all the western European nations. Groups were parading in Paris streets, flying red flags and crying, "À bas Clemenceau" and "Vive le Président Wilson." The effect of the Russian problem on the Paris Conference, which will be fully treated elsewhere, was profound: Paris cannot be understood without Moscow. Without ever being represented at Paris at all, the Bolsheviki and Bolshevism were powerful elements at every turn. Russia played a more vital part at Paris than Prussia! For the Prussian idea had been utterly defeated, while the Russian idea was still rising in power.

When it came to the crisis, then, the need to hold the world steady, keep order and fight both extremes—militarism on the one hand and Bolshevism on the other—the responsibility of breaking up the Conference became too great. Accommodation became imperative. In his essay on Burke, Wilson says:

> He meant to save the empire, not by changing its constitution, as was the method in France, and so shaking every foundation in order to dislodge an abuse, but by administering it uprightly and in a liberal spirit.

And Wilson meant to change the world, not by changing the system, as was the proposal in Russia and by radicals in western Europe, and so "shaking every foundation in order to dislodge an abuse," but by administering it uprightly according to traditional liberal principles of America and Great Britain and with the guarantee of a league of nations founded upon those principles.

As was pointed out in discussing Wilson's view of the relation between the League and the peace, he had long since settled down to the conviction that this guarantee,

this League, was the "key to the peace," transcending the terms in importance and offering a means of correcting them after men's passions had cooled down. The League was to be a permanent institution, the terms only temporary.

The League was, therefore, the President's irreducible minimum. It was the only rational method he could see by which world organization could be made to prevail over anarchy, or any real peace attained. Without it he could see only militarism struggling endlessly and disastrously with Bolshevism; and if order based upon military force were to win out, the same old problem of what to do with militarism would still confront the world. On this principle, which he regarded as essential —indeed, as the only real essential—there was no compromise in him.

If, then, he could not get his league, he would go home. If he could get it, he felt that he would achieve the great central purpose for which America had come to Europe.

Clemenceau no doubt appreciated to the full the advantage accruing to him from this conviction on Wilson's part in the struggle for the concrete items of security on which he had set his own heart. He shrewdly took account, too, of the special difficulties the President was labouring under since his return from America—having to secure amendments to the Covenant in which he himself did not believe in an effort to keep his support at home from dropping away from him. The French diplomatic organization had most adroitly made use of these advantages. While Clemenceau was marshalling his demands and manœuvring them into fresh and puzzling combinations, while the generals and the dark forces of the Foreign Office were hemming the President in with menaces of further war and disorders, Bourgeois and

Larnaude, in the League of Nations Commission, were fighting Wilson's amendments and reopening questions he had thought settled. There had been no meeting of that body since March 26, when a bitter debate had taken place on the American withdrawal clause, and Bourgeois had concluded the day's business by asking reconsideration of the question of armaments. The President had not yet introduced his crucial amendment on the Monroe Doctrine and now hardly dared to do so until some general understanding had been reached with the French. The whole league proposition was thus hanging by a thread.

Thereafter the question was: Should he stand firm along the whole line of the battlefront between the new order and the old and fight to a complete victory or defeat? Or should he give ground in one sector in order to gain in another what he felt was the key position of the field? To do so he realized would be to postpone the final issue of the conflict: but he felt also that such a stroke would assure the victory of his cause in the end. Moreover, the danger of seeing his whole position turned by the dangerous forces of the "newer order," which he dreaded, was too real to be trifled with.

Down to the 8th of April, as we have seen, he was still holding all along the line. He was still holding, but with his support throughout the world, and especially in America, weakened by doubt and opposition. He was now practically alone, facing the crucial decision upon the wisdom of which the world's judgment of Woodrow Wilson must ultimately rest.

All the considerations which influenced him have been set forth to the best of the writer's ability in the terms in which the President saw them. Whether the reader sympathizes with him or not in this great crisis—such a

crisis as few leaders have ever had to face—is a matter for his own temperament and convictions to determine; but, given the temperament, traditions, principles, of the man who made the decision, he could not have done otherwise than he did. And this decision in brief was to stand uncompromisingly for a league of nations as the basis of a new world order—which he regarded as the permanent achievement—and satisfy by the necessary accommodations the immediate and insistent French demands for security based upon terms that he considered temporary. This decision was not made in a moment, but, beginning with a point yielded here and another there, led in a few days to the new basis upon which the peace finally came uneasily to rest.

We find the deliberations of those crucial five days of the Peace Conference, April 8–13, proceeding, therefore, along two lines. In the Council of Four—or more intimately in the direct private conferences between Wilson and Clemenceau—the great problems of French security and reparation, centring on the control of the Saar and Rhine frontier, were fought out. At the same time, on April 10 and 11, the last two meetings of the League of Nations Commission—the most vital of the entire series—were held, and Wilson not only got the League essentially as he desired it, but he got it with the American amendments that he considered necessary to meet home opposition. Moreover, it was to become the "cornerstone of the peace" by being made an "integral part" of the Treaty of Peace, just as he had planned. These things in themselves were both great concessions upon the part of the French and a great achievement for Wilson. He called attention in the plenary session of April 28, at which the final Covenant was adopted, to the effect it would have upon "steadying the affairs of the world."

This steadying and permanent influence seemed to him more important than anything else.

We may now examine the exact lines of compromise so far as the French demands were concerned. The full French programme was set forth in Chapter XXV; and up to the time of the ordering of the *George Washington* Clemenceau had yielded practically nothing in its main contentions. There had been, indeed, changes in form and certain readjustments of method, but almost no diminution in real content. Its most contentious elements were the demands for the Rhine frontier, which was tied up with the problem of reparations, and the demand for the Saar Valley.

On all these issues the conflicting proposals had taken by March 28 the final forms, which could not be much further altered without vital effect. Minor modifications could no longer serve as bases for prolonging the negotiations; something must break one way or another. From that point on the struggle had accordingly been most desperate and bitter.

It was on the 28th that the French took up their definitive position on reparations. Before the President's return they had been forced by American opposition, resting upon a declaration from Wilson himself, to abandon their claim to the total costs of the war. But they had consoled themselves for this secession by including pensions and separation allowances in the categories of reparable damages and by saddling Germany with the costs of the army of occupation. With the inclusion of these items the financial demands were kept at a sufficiently exorbitant total to serve the original object of crippling Germany's economic recovery. The French also insisted that the demands be based on these claims, combating the American proposal that a total sum should be fixed

on the basis of Germany's capacity to pay within a specified period. Their final proposition was that no sum at all should be named in the Treaty, but that Germany should assume full liability under the categories of damage set forth, leaving the amount and the terms of payment to be fixed by a commission representing the allied and associated powers. This solution was in many ways more satisfactory to the French, more embarrassing for the Germans, than the immediate statement of even a staggering figure.

President Wilson and his economic advisers had been tirelessly fighting all these propositions, as will be shown much more fully in later chapters. After March 28, they joined the French and British in the attempt to work out a project leaving the assessment of the account to a reparation commission. After the 31st, they succumbed to the argument of General Smuts and accepted pensions as a category of reparable damage. But all this was on the basis that the total demand when stated should be limited to what Germany could reasonably be expected to pay within a period of thirty years. They were still holding this position when the President ordered the *George Washington.*

It must be noted, as a special feature of this struggle over reparations, that, whereas the British stood with the Americans in opposing all the other exaggerations in the French programme of security, on this item they consistently supported the French and even took the initiative against the Americans, thus making the President's struggle far more difficult. They did so on no reasonable grounds, but mainly because of Lloyd George's fear of admitting to his people that his election pledges could not be fulfilled. All the reasonable elements in the British delegation were overridden; its demands were

even more fantastic than those of the French, and it was the source of most of the suggestions which confused and distorted the issue.

In the controversy over the occupation of the left bank of the Rhine, on the other hand, Lloyd George stood solidly with President Wilson down to the time when he drew aside from the contest with Clemenceau. By the latter part of March, the French had ostensibly changed the entire basis of their claims on this point. Instead of presenting them in the form of the occupation of a line for reasons of security, they put them forward in the guise of an occupation of territory as a gauge for the collection of reparations. This was a proposition too amply sanctioned by diplomatic precedent to be flatly contested; but the Americans and British could not agree to an occupation covering the entire period of Germany's payments, even if that period were limited to thirty years. They fought steadily, therefore, to reduce the duration and extent of the occupation and to limit its political and economic effects. It was in order to meet the French need for security involved in this question that Wilson and Lloyd George had offered Clemenceau the special treaties of alliance in the interview of March 14, described at the beginning of the preceding chapter. But it must be borne in mind that the French always considered such an alliance, whether accomplished by special treaties or through a militarized league of nations, as a supplement to the occupation of the Rhine frontier—never as a substitute for it. Consequently, while this new proposition henceforth entered into the discussions, it did not serve to abate materially France's demands with regard to the left bank of the Rhine.

The controversy on this point had also come to a head on March 28. On that day Clemenceau sent Lloyd

George the stinging rejoinder to his general memorandum of the 25th, as recounted in the last chapter.[1] This epistle was in answer, also, to a special note of the 26th, in which Lloyd George had defined his position with regard to the guarantees of security on France's eastern frontier. Then on the very day of Clemenceau's reply condemning these proposals as a mere "partial and temporary solution," President Wilson presented him with a set of terms practically identical in substance. As this important statement became the basis of the final settlement, it is here reproduced in full.

(1) No fortifications west of a line drawn fifty kilometres east of the Rhine (as in the military terms already provisionally agreed upon).

(2) The maintenance or assembling of armed forces, either permanently or temporarily forbidden within that area, as well as all manœuvres and the maintenance of physical facilities for mobilization.

(3) Violations of these conditions to be regarded as hostile acts against the signatories to the Treaty and as calculated to disturb the peace of the world.

In a separate treaty with the United States:

(4) A pledge by the United States, subject to the approval of the Executive Council of the League of Nations, to come immediately to the assistance of France as soon as any unprovoked movement of aggression against her is made by Germany—the pledge to continue until it is agreed by the contracting powers that the League itself affords sufficient protection.[2]

While the French could not simply reject these conditions, they held them to be inadequate, and devoted themselves to enlarging their meaning, to incorporating new clauses. The American document, moreover, did not touch on the vexed question of the length of occupation, which had still to be threshed out. On all these

[1]See Volume III, Document 28.

[2]From copy of document among President Wilson's papers.

points the President was still contesting the French claims at the time of his collapse.

But the really crucial issue which had taken shape in the discussions of March 28, and the one which became the turning point finally in the transition from death grapple to compromise, was the problem of the Saar Valley. This was a problem of far less importance than the broad questions of reparation and security, but it was forced to the centre of the stage at the hottest moment of the general struggle and became thus a test question. It was in this connection that Clemenceau made his threat to resign if the French demands were not met, and that Wilson delivered his counter threat to go home if the conditions of peace upon which all had agreed were to be torn up in the way the French proposed.

The French claims to the Saar, developed in a lengthy memorandum by Tardieu, amounted to: full ownership of the coal mines of the valley; outright annexations of that part of it lying between the frontiers of 1871 and 1814; and a special administration for the remainder of the mining, manufacturing, and residential districts, which differed from annexation but slightly. According to Tardieu's account of the discussion of these demands, on March 28, "Mr. Lloyd George had accepted the greater part of our claims; the President, on the contrary, rejected them all." [1]

The basis of the President's argument—and the contest was most heated—lay in France's acceptance of the eighth of his Fourteen Points; as he himself put it, "The bases of peace accepted by her speak of reparation for the wrong which she suffered in 1871—and not in 1815." All that he would agree to was some arrangement per-

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[1] "The Truth about the Treaty," by André Tardieu, p. 263.

mitting France to exploit the mines for a limited period, with no political conditions attached.

The definite alignment on both sides was completed next day. As usual, the French resorted to disguising the more frank and unpopular of their claims. They still stood out for full ownership of the mines, but now lumped the entire district in a proposal for a French mandate under the League of Nations for fifteen years, with an ingenious set of conditions under which they might hope to "self-determine" the whole of it in favour of annexation within that time. The position of the President, as expressed in an interview with three of his territorial experts (Professor Douglas Johnson has preserved a record of this conversation which he has intrusted to the writer), remained unchanged.

"I am willing to give France any indemnity in kind to which she is entitled," he told them, but added: "I have no right to hand over to her people who do not want to go to her, or to give them a special government, even if it is better for them, if they do not want it." Perceiving how his whole programme of peace terms was at stake, he concluded: "You see, I have to be firm on these points in all places, or I cannot hold out against the exorbitant demands of the Italians."

He commissioned these men to seek, in concert with the British, some means of assuring France's free use of the coal mines without any political arrangements tending toward annexation.

The experts charged with this mission, Professors C. H. Haskins and Douglas Johnson, did not share the President's belief that France's claim was unjustifiable. As the former frankly stated in a letter to the President on the 30th, he favoured the frontier of 1814 on grounds of justice and believed that at least a "minimum

of French political authority" was essential to the exercise of France's rights over the coal mines. Their argument for a change of frontier, however, made no impression upon the President; but he accepted their memorandum advocating the transfer of the mines in full ownership to France, together with the "fullest economic facilities" for their exploitation. He looked askance at the final condition that "the political and administrative arrangements necessary to secure the foregoing results will be inquired into," but left it in the document, which he handed to Clemenceau on the 31st. A few days later, our two experts were congratulating each other at having got the economic points nailed down so promptly, for they discovered that they had forestalled a memorandum from the American economic advisers, written by Mr. Baruch, taking issue with their whole proposition.[1]

There the matter rested when the President fell ill. His offer had meanwhile been referred to a special committee, on which Haskins represented the United States, and Tardieu, France. On April 5 this committee reported to the Council, in the study next to his sick room, that it saw only grave difficulties in a solution which did not comprise some "special administrative and political régime."

The President's first gesture after his recovery was to brush aside this concession to the French demands. Refusing to allow any tampering with German sovereignty, all the machinery he would offer for getting over the difficulties of control was a commission of arbitration between the German Government and the French administration of the mines. This was on April 8, while the atmosphere was still electric with the news of the

[1]See Volume III, Document 29, for text of Bernard M. Baruch's letter to the President.

ordering of the *George Washington*, the day on which the *Temps* carried the significant item referred to at the beginning of this chapter. It must be noted in connection with this item, however, that the French never admitted the region between the frontier of 1871 and 1814 to be "territory inhabited by a German population." All that immediately followed, therefore, was a further discussion in which the French desperately manipulated the details of the settlement in an effort to preserve the substance of their claims.

Thus far it can be seen, the President was standing firm at every point along his line. Then the great decision described above intervened. On April 10, the sessions of the League of Nations Commission were resumed and the President proceeded to secure the acceptance of the amendments he needed to reconcile the Covenant with American opposition, the Council of Four accepted the draft of clauses made overnight by the committee of experts, which gave France at least a favourable prospect of obtaining what she wanted in the Saar Valley. Wilson's proposed commission of arbitration was converted into a commission of administration under the League. The ultimate destiny of the territory, as a whole or by districts, was to be decided by the League in accordance with a plebiscite to be taken after fifteen years. This latter provision was the more willingly accepted by President Wilson because it gave the League of Nations something important and immediate to do. An ingenious proviso whereby Germany forfeited her rights if then unable to redeem the transferred mines in gold will be discussed in a later chapter dealing with the revision of the clauses.

Once the principle of give and take had been admitted, it went on to operate with increasing momentum. On

the day following acceptance of the Saar settlement the revision of the League of Nations Covenant was completed by closure of the debate on the Monroe Doctrine amendment, a closure which would have been impossible unless Wilson had had the support of Clemenceau. Next day, April 12, the reparation settlement was approved. The questions concerning the left bank of the Rhine had not yet, indeed, been settled in detail (and were not until April 16), but so close did all the leaders feel themselves now to an understanding—since the new principle of settlement was at work—that it was decided to allay popular impatience by the dramatic and decisive stroke of inviting the Germans to come at once to Versailles to receive the Treaty. This decision was taken on Sunday, April 13—as the President told the writer at the time; but the actual announcement was held up until Monday, when Wilson issued the following statement—the first formal public utterance of the Council of Four:

OFFICIAL STATEMENT TO BE GIVEN TO ALL REPRESENTATIVES OF THE PRESS OF THE SEVERAL COUNTRIES

In view of the fact that the questions which must be settled in the peace with Germany have been brought so near complete solution that they can now quickly be put through the final process of drafting, those who have been most constantly in conference about them have decided to advise that the German plenipotentiaries be invited to meet representatives of the associated belligerent nations at Versailles on the 25th of April.

This does not mean that the many other questions connected with the general peace settlement will be interrupted or that their consideration, which has long been under way, will be retarded. On the contrary, it is expected that rapid progress will now be made with those questions, so that they may also presently be expected to be ready for final settlement. It is hoped that the questions most directly affecting Italy, especially the Adriatic question, can now be

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The settlements that belong especially to the treaty with Germany will in this way be got out of the way at the same time that all other settlements are being brought to a complete formulation. It is realized that though this process must be followed, all the questions of the present great settlement are parts of a single whole.

April 14 1919

Original copy of the first official announcement of the Council of Four at Paris - made by the President - and corrected by him in his own handwriting

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The latter part of this statement was occasioned by Orlando's refusal to approve the invitation to the Germans unless assured that consideration of Italy's claims would not be deferred until the settlement with Germany was completed. The President could not agree with Orlando's statement of these claims, but he did accept the demand for immediate discussion. He could do so with an easier mind now that the dissensions with his more powerful colleagues had been composed. For the Italian case was weaker than the French, both intrinsically and in material backing; the Italians alone could not make or break the peace. And the French and British in general shared the American view of Italy's claim. In fact, these three Powers were now so sure of maintaining a united front that, beginning with April 19, the day on which the Italian debate was opened, they brought a secretary into the Council of Four and introduced the practice of keeping regular minutes.

The reconciliation between French and Americans was also marked by a relaxation of the campaign against the President in the newspapers of Paris. The following letter from Colonel House, the conciliator, gives the result of an interview with Clemenceau, to whom he brought news of concessions on some of the matters still pending:

Paris, April 16, 1919.

DEAR GOVERNOR:

I saw Clemenceau again yesterday after you left. He was perfectly delighted with what I was able to tell him concerning the Syrian-Armenian matters, and the period of occupation [of the left bank of the Rhine]. . . .

I spoke to Clemenceau about the attacks in the French press. It made no difference, I told him, except that it was bringing about strained relations between our two countries—a condition which I was sure he did not wish. He rang for his secretary again and told him to give directions to the *Echo de Paris*, *Le Petit Journal*, *Le Petit Parisien*, *Le Figaro*, *Le Temps*, *La Liberté* and several others which I do not recall, to say that the relations between France and the United States were of the very best and that there was no disagreement between yourself and himself upon any of the great questions before the Conference. I shall await with interest to see what happens.

Affectionately yours,

[*Signed*] E. M. HOUSE.

The President,
Place des États-Unis.

The agreement regarding the left bank of the Rhine was completed on April 16, the date of Colonel House's letter, by the consent of Wilson and Lloyd George to an occupation for fifteen years. The decision is illogical both from the point of view of French security and from that of providing a guarantee for the collection of Germany's debt. It is virtually a splitting of the difference between the Anglo-American stand for a speedy withdrawal and the French demand to stay at least thirty years. The hope of the French lay in finding means to prolong their tenure, and they devoted themselves, throughout the next fortnight, to devising additional clauses to this end, driven by fierce pressure from the reactionary group led by Foch and Poincaré. Their efforts met with a considerable degree of success, and the

COMMISSIONER PLENIPOTENTIARY
OF THE UNITED STATES OF AMERICA

Paris, April 16, 1919.

Dear Governor:

I saw Clemenceau again yesterday after you left. He was perfectly delighted with what I was able to tell him concerning the Syrian-Armenian matters and the period of occupation.

I took occasion to ask him if he had signed the Russian Memorandum. He said he had not but would do so. He thought that Pichon had it. He rang for his secretary giving instructions to have it brought to him. I find, however, that it is in Hoover's hands and I am sending it to you under this cover so you may have Clemenceau sign it this morning.

I spoke to Clemenceau about the attacks in the French press. It made no difference I told him except that it was bringing about strained relations between our two countries— a condition which I was sure he did not wish. He rang for his secretary again and told him to give directions to the Echo de Paris, Le Petit Journal, Le Petit Parisien, Le Figaro, Le Temps, La Liberté and several others which I do not recall. to say that the relations between France and the United States were of the very best and that there was no disagreement between yourself and himself upon any of the great questions before the Conference. I shall await with interest to see what happens.

Affectionately yours,

H. White

The President,
11 Place des Etats-Unis.

"guarantee" clauses at last emerged with two possibilities of prolonging the occupation—if Germany refuses to observe her obligations, and if France's security is deemed by the allied and associated powers to require further guarantees.

With the decisions in regard to reparation, the Saar Valley and the left bank of the Rhine, the main outlines of the settlement with France were complete. These were accompanied by a flood of decisions on subsidiary points, of which only a few can here be even mentioned—the right of the League to investigate German armaments, the prohibition against Austria's junction with Germany, the fixing of the Polish frontier. It is futile to attempt, as most of the American experts have done, to justify all these arrangements on their own merits. It is not even so very important to point out how much the French receded from their original main contentions. They did make concessions so important that they still cause the reactionary critics of Clemenceau to froth at the mouth, but they also contrived to put into the Treaty, in this era of concession, many things that are irrational and inexcusable as judged by the accepted bases of the peace. There is no use in denying that the Saar settlement, for all the safeguards with which it is surrounded, was forced into its existing form by the French desire for annexation rather than by an impartial attempt to apply the principles of the peace. As for the occupation of the left bank of the Rhine, it is so little the "guarantee for the execution of the present treaty" which it professes to be, that Tardieu in his book discounts the whole theory and concludes: "Occupation has a defensive value, and that is why M. Clemenceau made it a *sine qua non*."[1] And the reparation clauses even came so far from satisfy-

[1] "The Truth about the Treaty," by André Tardieu, p. 333.

ing the American delegation that a concerted effort to overturn them was made after they were completed—as will be shown later.

In all these arrangements the original French intent appears under various disguises, whittled down in effect, labouring along through tortuous phrases under a load of idealistic expressions and restrictive conditions. But it is very much there—so much so that the bitterest of Clemenceau's opponents, after throwing him and his temporizing successors out of office, has at last found in the very treaty he criticized an ample base for a most vigorous policy in pursuit of French interests. And yet these terms do represent mitigations at all points of the extreme French demands, and most of these modifications and ameliorizations were due to the determined fight made by President Wilson. As the President put it in the conference of American delegates and experts on June 3, which will be described later, "though we did not keep them from putting irrational things in the Treaty, we got very serious modifications out of them."[1]

The justification for admitting these things into the Treaty at all, after at first stoutly opposing them, lies in the consideration that peace had to be made and that the President had to give something in order to get the guarantee of peace he demanded. His side of the bargain is to be found in the last sessions of the League of Nations Commission, where he would never have dared cut short the French opposition as he did without assurance of support from the highest quarter. So he said in the conference of June 3:

> What is necessary is to get out of this atmosphere of war, get out of the present exaggerated feelings and exaggerated appearances, and

[1]Full minutes of this meeting will be found in Volume III, Document 68.

I believe that if we can once get out of them into the calmer airs it would be easier to come to satisfactory solutions.

Clemenceau's view of the transactions of this period is presented in certain remarks addressed to the Belgians on April 29:

> M. CLEMENCEAU said that . . . it was necessary to approach all these problems in a spirit of conciliation and not to insist too strictly on a full measure of concessions or to propose as an alternative a definite breach between those who were charged with arriving at a solution that would guide the tendencies of the future. He himself might often have broken off negotiations if he had insisted on what he conceived to be his rights. Everyone had had to give way on points which appeared to be vital, and everyone must be prepared to take painful decisions and to bear the bitter reproaches of his own supporters. Parliaments were all alike; each of them wanted everything for themselves. Newspapers clamoured for the impossible and the best thing was to pay no attention to them whatever.[1]

But it is the defect of compromises in vital matters such as these that they really satisfy no one. They were followed immediately by extraordinary attempts to evade or modify them.

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[1]Secret Minutes, Council of Four.

CHAPTER XXIX

The "Rhine Rebellion"—French Efforts to Evade the Settlements—Diplomatic "Jokers"

THE French crisis of the Peace Conference, so far as the Four were concerned—or better, the Three, for the Italians had had practically nothing to do with it—was now past. By the end of April the official settlements having to do with the French claims were mostly completed.

But like all compromises on really vital issues, they were satisfactory to nobody. While the French felt that they had received too little, the British and Americans feared they had been given too much. There followed during those desperately crowded and feverish weeks attempts both to modify the terms by processes of further discussion, and to evade or circumvent them by an extraordinary series of intrigues. Some of these episodes have thus far been kept wholly from public knowledge. They furnish an illuminating commentary upon the extent of the wild and ungovernable forces of violence and chicanery released by the war and reveal the mountainous difficulties which the Americans had constantly to meet. They are the perfect expression of the methods of the old diplomacy; for even the attempts at orderly modification of the terms, for the most part, were not dictated by a desire for a juster peace, but either to serve the political necessities of the various leaders or out of fear lest the Germans refuse to sign.

In the case of the French efforts at evasion or modi-

fication, which will be treated in this chapter, the obstinate consistency of the French, especially the extreme group, in adhering to the utmost limit of their claims, as first set forth, is remarkably exemplified. The French never stopped fighting—have not stopped yet!—for their full programme. These efforts at evasion show how bitterly they resented the concessions which Clemenceau had accepted, to which he had been driven by the pressure of events and by President Wilson's insistency. These efforts may be considered in four groups.

1. The military intrigue of the French to encourage a rebellion in the Rhine provinces, and thus secure by a *coup d'état* what they had not succeeded in getting at the Peace Conference.

2. Attempts outside of the Peace Conference to secure more sweeping economic control of the Left Bank and, incidentally, cripple Germany.

3. Further proposals to break up the German Empire into separate States.

4. Diplomatic "jokers"—efforts to juggle the words in certain parts of the Treaty, so as to change the real intent of the Four and make provisions more favourable to the French.

1. THE "RHINE REBELLION"

Consider first what has been called the "Rhine rebellion." In accepting the demilitarization and temporary occupation clauses of the compromise agreement as to the Rhine, Clemenceau had, of course, abandoned the early French demand for a special political status in the German territory west of the Rhine.

But no sooner was this settlement publicly known than there began to be strange reports of intrigues to break it down, both by politicians and military men. These be-

came so serious that on April 29 Lloyd George called the attention of Wilson and Clemenceau to a speech of the Burgomaster of Cologne "intimating the possibility of the establishment of a separate republic for the Rhenish provinces and Westphalia."[1]

This project (dropping Westphalia) continued to simmer along more or less publicly under the direction of Dr. Dörten and a band of conspirators at Wiesbaden. These were in constant touch with General Mangin, commanding the French Army of Occupation, who favoured their project. About the middle of May, when Foch was making a tour of inspection of the armies, he was informed of this situation and approved Mangin's course. The conspiracy rapidly matured to the point of execution. General Mangin personally gave advice to the plotters, disapproving a project of April 17 and accepting one of the 19th. A proclamation was drawn up announcing the separation of all German portions of the Left Bank and their constitution as an "autonomous Rhenish republic," under a provisional government and with a call for election of an Assembly. The capital was declared to be Coblenz, within the American zone of occupation—thus disguising the French influence. May 24 was fixed as the day for issuing the manifesto.

Before a successful result of the *coup* could be assured, however, the approval of the other commanders along the Rhine—American, British, and Belgian—must be obtained, so that proceedings would not be interfered with. Mangin, on the 22nd, sent staff officers to interview them all. President Wilson was startled on the same day by a telephone message from General Liggett, forwarded by Pershing, stating that one of Mangin's officers had asked what would be his attitude toward the establishment of

[1]Secret Minutes, Council of Four.

Personal.

AMERICAN EXPEDITIONARY FORCES
OFFICE OF THE COMMANDER-IN-CHIEF

Paris, May 22, 1919.

His Excellency
The President of the United States,
Paris, France.

Dear Mr. President:

I have just received a message from the Commanding General of the Army of Occupation to the following effect:

"This morning, General Mangin, Commanding General of the French Army at Mayence, sent a Colonel of his Staff to General Liggett's headquarters at Coblentz to inquire what our attitude would be toward a political revolution on the west bank of the Rhine for the establishment of an Independent Rhineland Republic, free from Germany. He inquired what the American attitude would be toward such new Republic. The Staff Officer stated that they had fifty deputies ready to send into the American sector to assist in starting the revolution. The meaning of the word deputies in this connection is not clearly understood, but it was made clear that they were to be French."

General Liggett very properly declined to consider the proposition, and his action has been approved by me. I have given him instructions not to permit the entry of political agitators into our sector, no matter by whose order they might claim to be operating.

Faithfully yours,

John J. Pershing.

Letter of General Pershing to President Wilson informing him of the French proposal for a revolution in the Rhineland

a Rhine republic, and stating that fifty "deputies" were ready to enter the American zone to start the revolution. He had declined to consider the proposition at all. Wilson and Pershing both vigorously confirmed his stand and ordered the exclusion of all agitators.

Wilson wrote the following letter to Clemenceau, asking that the affair be looked into at once:

MY DEAR MR. PRESIDENT OF THE COUNCIL:

I have just received a message from the Commanding General of our Army of Occupation [General Liggett] which gives me very serious concern. It is to the following effect:

This morning General Mangin, commanding General of the French Army at Mayence, sent a Colonel of his Staff to General Liggett's headquarters at Coblenz to inquire what our attitude would be toward a political revolution on the west bank of the Rhine for the establishment of an Independent Rhineland Republic, free from Germany. He inquired what the American attitude would be toward such new Republic. The Staff Officer stated that they had fifty deputies ready to send into the American sector to assist in starting the revolution. The meaning of the word deputies in this connection is not clearly understood, but it was made clear that they were to be French.

General Liggett very properly declined to consider the proposition, and his action has my entire approval. He has been given instructions not to permit the entry of political agitators into our sector, no matter by whose order they may claim to be operating, and I feel confident that these orders meet with your own approval.

Cordially and faithfully yours,

[*Signed*] WOODROW WILSON.

Here again arises the question of Clemenceau's connection with these military intrigues. Of course, we know that he was not on good terms with the generals: they detested his policy of compromise and he resented their interference in his conduct of affairs. Neither party took the other into its confidence. Yet could all these tricks have been played behind his back if he had chosen

to prevent them? Did he deliberately calculate that it was better not to know? As responsible head of the government, he was pledged to certain things. But many such enterprises must have appealed to him; France might profit by the closing of his eyes. He never did seem to see or find out any of these intrigues until they were brought to his attention by his American or British colleagues. Once informed he always took honourable and straightforward steps to undo the mischief—he could not do otherwise. But no blame could attach to him if they came too late, as in the case of the Polish conquest of eastern Galicia.

In the Rhine affair Clemenceau's course was entirely correct. He at once dispatched an under-secretary of state, M. Jennenney, to make a complete investigation on the spot and recommend action to be taken. On June 1, Clemenceau forwarded this report to Wilson, together with his own letter to General Mangin, written in consequence. These letters are here reproduced:

[*Translation*]

THE PRESIDENT OF THE COUNCIL
Minister of War

Paris, June 1, 1919.

DEAR MR. PRESIDENT:—

I have the honour to forward you, under this cover, the text of the report of M. Jennenney, Under-secretary of State to the Presidency of the Council, on the incident at Mayence, about which you were good enough to interview me. Here is the letter that I am forwarding, in view of this affair, to General Mangin.

I also wish to inform you that M. Jennenney has just left for Landau to investigate for me an incident of a similar nature which happened in the month of March, and which I had ignored until these last few days. I intend to throw all the light I can on these matters in the future.

Believe, Mr. President, my sentiments of respectful friendship.

[*Signed*] G. CLEMENCEAU.

[*Translation*]

June 1, 1919.

THE PRESIDENT OF THE COUNCIL
Minister of War

To GENERAL MANGIN, Commanding the Tenth Army, Mayence:

Mr. Jennenney, Under-Secretary of State to the Presidency of the Council, having been sent on a mission to Mayence to make an inquiry into the events of the 23rd and 24th of May, 1919, reports to me that, on the 22d of May you sent Colonel Denvignes to General Liggett in Coblenz, not only to inform him that a popular manifestation was being prepared in that city with a view to the establishment of a German Republic of the Rhine, but also to let him know that, in your opinion, it was proper to allow the movement to take its course, and advising him to do so. This is what Colonel Denvignes has reported in terms which are self-explanatory.

It would appear that you sent the same communication to the British General Robertson, commanding at Cologne, and also to General Michel, commanding the Belgian sector at Aix-la-Chapelle.

You have declared to Mr. Jennenney that the Rhenish peoples are oppressed by Prussian functionaries, which I myself consider as the statement of an undeniable fact. You have added that you did not think that you had gone beyond your powers and that, moreover, you had kept your chiefs informed, which is established if it is understood by this that you have reported to them without having consulted them.

It is not necessary for me to take up here political questions relating to the Rhine countries. These have to do with Government matters and consequently are outside the sphere of military authorities. It is by basing myself on this distinction that if I approve your having informed your colleagues of information of such a nature as is interesting to them, I may not admit that you should have given your advice as to the political attitude which it was proper for them to take, whether this were active or simply passive. There is here an important distinction which you will certainly grasp after reflection.

You found yourself—without any doubt in spite of yourself—so much involved in this course, which had nothing military in connection with it, that Colonel Denvignes found it necessary to send away the friends of Dr. Doerten, the initiator of the movement, when it became known that, contrary to your expectation, nothing took place

at Coblenz on the 24th of May. Such a use of military authority is absolutely inadmissible.

As to the attitude to be observed by the Army Commander in each sector, I can only take as my own the advice expressed in these terms by Mr. Jennenney in his report:

"If my point of view prevails, the duty of troops of occupation can never be to restrain movements of opinion which do not affect public safety or the interest of the armies. They should allow them to develop freely, observing between the opposing parties an absolute neutrality. They should avoid everything which would constitute agreement, aid or assistance to the profit of one of them and to the detriment of the other. The word 'neutrality' explains everything, and neutrality should not be either friendly or hostile."

Mr. Jennenney adds: "In this connection I had the impression that at Mayence General Mangin had more frequent dealings with the promoters of the separatist movement than were proper, and in which a sort of collaboration could be seen.

"It is in this way that a tentative programme for the establishment of a Rhenish Republic having been presented to him on the 17th of May, and having been declared by him to be unacceptable, another was formulated by Dr. Doerten. General Mangin was informed of this (plan) on the 19th by the said Dr. Doerten. He stated this time that he would make no further objection. It was in conformity with this programme that he decided to make no opposition in his sector to the projected revolution. Many other conversations, both direct and indirect, followed, not the least surprising of which was that one in which, since my return from Mayence, General Mangin is reported to have advised Dr. Doerten to sound the commander of the British sector!

"This seems to me to exceed in two ways the rôle of an army commander. In the first place, he should take no part in the preparation of movements of a purely political nature, his rôle being exclusively to watch them and eventually to report them. In the second place, the character of these questions—purely political and in no way military—is sufficient to show that they are such as appertain, not to the (military) command, but to the Government itself. As a matter of fact, General Mangin's chiefs were not in ignorance of his actions, once they were accomplished. Nevertheless, there was a well-marked distortion of powers to be charged against the military authorities.

This distortion appears still more serious in the form which it took between General Mangin and General Liggett. It was perfectly proper that General Mangin should at once inform the Commander of the American Army as soon as he received information in regard to the plan formulated by the Doerten party to proclaim a Rhenish republic on the 24th of May in Coblenz. This is an elementary act of good comradeship and liaison.

"But, admitting as far as I am concerned, that the Commander of a French sector could not, without referring it to his Government, pronounce himself in advance on the merit of a new political constitution for a country which he controls, what is to be said in regard to an act which consists of giving advice on this point in the sector of an allied army? The abuse (of power) is manifest here. It is proper, therefore, that a repetition of such interferences be expressly prevented."

I must, in consequence, recall you to the strict observation of complete neutrality in everything which has to do with purely political affairs in the occupied countries. I ask you, at the same time, to refrain from all interferences with Allied Generals, outside of such cases as are provided for by military regulations.

I have reason to hope that, under these conditions, the misunderstanding of the 23rd and 24th of May will not be repeated.

G. CLEMENCEAU.

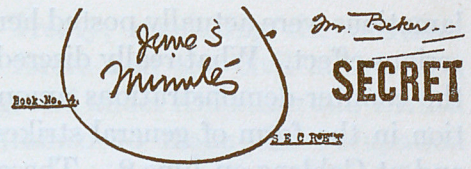
In this letter there was no serious censure of General Mangin, much less any repudiation of the project for evading France's agreement in the Peace Conference to drop the idea of an independent Rhineland. Indeed, no secrecy was made of the concurrence of the Government in Mangin's sympathy with the movement of revolt; he was only reproved for having compromised his military position, and so having really injured the cause.

Whatever the chances of the movement for independence might have been, they were spoiled by the course General Mangin had taken with the American commander. Much credit should here be given to the clear-headedness of General Liggett. If his suspicions as to the influences back of the revolt had not been aroused,

it might have got under way at least. But in the face of his hostile attitude, the French officers could only do their best to restrain the *coup* until some more favourable moment. Dörten was induced to countermand the rising of the 24th: and Mangin's agent to Liggett devoted himself to the melancholy task of turning back the plotters toward Wiesbaden. But, as he reported to his chief, the order to postpone could not reach all involved on such short notice. Consequently, the rising, instead of being put off as a unit, fizzled out in rumours and minor demonstrations, such as the one put down by the military police at Coblenz on the 25th.[1]

On June 1, the proc-

[1]See Paris edition, New York *Herald*, May 30.



STENOGRAPHIC REPORT OF MEETING BETWEEN THE PRESIDENT, THE COMMISSIONERS, AND THE TECHNICAL ADVISERS OF THE AMERICAN COMMISSION TO NEGOTIATE PEACE, HOTEL CRILLON, PARIS, June 3, 1919, at 11:00 o'clock a. m.

COLONEL HOUSE: How serious is this republic that they have formed there?

THE PRESIDENT: I don't know how serious it is.

COLONEL HOUSE: You see if that would get going that would settle that question, because that is what they asked for.

THE PRESIDENT: I don't believe it is at all genuine - I mean spontaneous. I would be very suspicious of it in the present circumstances.

COLONEL HOUSE: Yes, I think it is an imposture.

THE PRESIDENT: Yes, I know it is.

GENERAL BLISS: Mr. President, I would like to say one word on that subject. I think as you just stated, it is almost entirely a political question rather than a military one, because no essential military objects will be accomplished by the military occupation of the territories proposed to be occupied under the proposed conditions. And I have never been in favor of the prolonged military occupation and I base my views on two considerations: the first is the matter of good sound policy, and the other sound business.

As a matter of policy I have always - and a good many other military men agree with me on that - looked with apprehension on the possibilities of a military occupation of a territory, the people of which we will be officially at peace with for a long time. It is so likely to result in incidents that will bring about the very thing that we want, of course, to avoid, and that is a resumption of war. It has always seemed to me that it is almost a slap in the face of the League of Nations, in which we are all so interested, to assume that the execution of this treaty, extending over a long term of years, can only be accomplished by a military force instead of by this League of Nations, which presumably at an early date will be in operation.

Then you have yourself pointed out the reason why it is not

Facsimile of minutes of the most important conference of the American Peace Delegation, June 3, with references to the "Rhine Republic"

lamations were actually posted here and there, but without serious effect. What really discredited the movement were the counter-demonstrations among the labouring population in the form of general strikes at Cologne on May 27 and at Coblenz on June 2. These were ended by the military authorities, but they exposed the artificial character of the demand for independence and its lack of popular support. The German Government also sent in unanswered protests against the action of the French authorities. The dream of the Rhine republic faded away quickly, leaving the compromise with France unaffected—including no special political régime in this territory, except in so far as necessitated by the occupation. President Wilson's personal idea on the project was expressed in the conference with the American delegates and experts on June 3, when he replied to a question concerning the republic:

> I don't believe it is at all genuine—I mean spontaneous. I would be very suspicious of it in the present circumstances.[1]

2. FRENCH ATTEMPT TO SECURE BROADER ECONOMIC CONTROL OF THE "LEFT BANK"

We now come to the second group of efforts to evade the agreements arrived at. Under the arrangements of the Four the French not only agreed to abandon their political designs on the Left Bank, but also their project for severing this region from Germany in an economic sense and attaching it to France. As early as February 14, at the renewal of the Armistice, the German Government had protested vehemently against the continued suspension of intercourse between Germany and the occupied territories, maintained in violation of engagements. But no real relief was secured. A convention

[1]Verbatim minutes, meeting American Peace Delegation, June 3. See Volume III, Document 68, for full text.

supplementary to the Treaty, regulating the relations between the occupying forces and the civil authorities, was in process of drafting, and under American and British pressure it was being framed to make the occupation interfere as little as possible with the normal life of the country. But the real purpose of the French to cripple Germany economically and make her permanently less powerful than France continued breaking over these agreements. In the private conference of the American Commission with the President on June 3 the following exchange of remarks took place between the President and Norman H. Davis, who spoke from first-hand knowledge:

Mr. DAVIS: She [France] wants to control this [the left bank] from an economic standpoint, too.

The PRESIDENT: But I don't see how they can do that without a proper convention.

Mr. DAVIS: We have a convention now, you know, with them, and they are all the time springing the Economic Council, and they do not stand by the convention. . . .

The PRESIDENT: But the convention I am speaking of is the permanent convention, the fifteen-year convention under which there would be no interference with the economic or industrial life of the country whatever.

Mr. DAVIS: But now I see there is a convention between the allied and associated powers that there would not be an interference and the French are not living up to it.

The PRESIDENT: My only hope is that when we sign peace those things will be settled.

The occupation of certain cities of the Ruhr district as another of these "sanctions" also fitted into the economic side of this programme of security. It goes toward satisfying a desire which did not enter into the compromise between Clemenceau and Wilson, because it was never put forward as a condition of peace. The

French could not lay any permanent claim to this district, dared not even go so far as to stipulate a regular and prolonged occupation; but they yearned to squeeze this pulsating heart of German industrial life. In the Loucheur report of February, 1919,[1] on disarming Germany in advance of the peace, the seizure of the region was advocated as a means of preventing rearmament. The opposition was warm; and even Foch, who disbelieved in the efficacy of disarmament, decried the proposal. But in his speech of May 6, before the Plenary Session, Foch criticized the scheme of evacuating the occupied territory, on the ground of releasing first "the bridge-heads which furnish access to the basin of the Ruhr, the principal source of Germany's wealth, which we no longer menace and whose seizure we renounce." Even Clemenceau, shortly before the signature of the German treaty, on June 24, advocated seizing Essen—after the signature—as a means of crippling Germany's resources for an attack on Poland. A note was to be sent demanding satisfaction for the scuttling of the German ships at Scapa Flow, the burning of the captured French flags at Berlin, and the reported intrigues against Poland. There would be little time for an answer before the Treaty was signed. As Balfour remarked:

> If he understood M. Clemenceau's intention, he would prefer it to come after. Then, if the answer were unsatisfactory, which in all probability would be the case, the Allies would have to take action, and the action proposed by M. Clemenceau was to occupy Essen.[2]

To this ironical exposé of his plan Clemenceau naïvely replied that "Mr. Balfour had quite understood his policy."

[1]See Volume III, Document 21.

[2]Secret Minutes, Council of Four, June 24.

Needless to say it was not approved; and next day the suggestion, probably inspired by the extremists, was withdrawn on the advice of Mr. Fromageot that it might appear as an act of war.

3. FURTHER FRENCH PROPOSALS TO BREAK UP THE GERMAN EMPIRE

In the third place, among France's efforts to get more security than the compromises of April allowed her must be noted certain further attempts to put life into the pallid dream of the disintegration of Germany. The Bolshevist adventure in Bavaria (April 5–May 1) showed the dangers attending such a process; but the French would not give up the dream. The scheme of detaching Bavaria by a separate revictualling organization, referred to in another chapter, was not dropped until April 25, when the Supreme Economic Council reported it to be economically impracticable.[1] Soon afterward, on the 29th, Clemenceau laid before the Four a proposal of Jules Cambon that the German plenipotentiaries be required to produce credentials from all the constituent State authorities as well as from the central government. When informed next day of Lansing's opinion that the treaty-making power belonged fully to the central government, "M. Clemenceau said that had not been the case in 1871." This characteristic utterance showed the limitations upon Clemenceau's vision and his reluctance to admit that the clock could not be turned back to 1871. This man seemed actually striving to force the Germans to sign by separate States as a denial of the reality of the proclamation of the German Empire in the same Hall of Mirrors forty-eight years before. But Clemenceau gave

[1]Secret Minutes, Council of Foreign Ministers, April 26.

up the idea, regained his grip on reality, and even opposed later manifestations in favour of it.

The more reactionary elements in France, however, would not be so easily convinced. Foch, especially, the most hopeless victim of illusions once he looked beyond his technical field, believed in the vision and even proposed attempting to give it reality. This was in the days when the council was beginning to consider how Germany might be coerced into signing the peace if she balked. It was also during the time of inception of the Rhine republic plot. That plot was kept under cover; but on May 19 Foch reported an intrigue of a different sort to the council. This was the request of Dr. Heim of Bavaria who was at Wiesbaden with the Rhineland conspirators, to talk to some French representatives about a new separatist movement there.[1] Although Foch reported the affair, he had already taken the responsibility of detailing General Desticker to hear and question the would-be revolutionists; and the conversation, held at Luxembourg on the same day as Foch's notice of it, was reported to the council on the 23rd. Heim talked confidently of the separation of all the other considerable German States from Prussia and the formation of a new confederation including German Austria, under a "protectorate," mainly economic, of the Entente. He argued that such a Catholic and conservative "bloc" would form a more effective barrier against Bolshevism than a Prussianized Germany could ever constitute. The Frenchman objected to the inclusion of Austria and was unable to get very satisfactory assurances concerning the payment of reparations. The unwillingness of France to renounce anything in this line was the main obstacle to any real encouragement of separatist movements.

[1] Secret Minutes, Council of Four.

No action was taken upon this report by the Council; but when, on June 16, Foch was summoned by the Four to give final details of his plans for coercing Germany, he made the startling proposal of basing them on a separatist policy. He argued that his troops were insufficiently numerous to penetrate far into Germany without such means of securing the flanks and rear—a consideration he had not previously advanced. When asked if he meant to buy the consent of the separate States to separate treaties of peace by remissions of indemnity, he replied no. He could only define his idea of "special treatment" for them by remarking that "they would have a pistol at their throat at the beginning." No one undertook to quiz the Marshal as to what kind of security he would consider a peace so obtained; for everyone realized that he was not speaking from a military point of view at all. As Lloyd George put it:

> What he feared was that Marshal Foch was mixing up politics with strategy. He hoped that Marshal Foch would not mind his saying that he feared he was allowing his judgment on political matters to create doubts in his judgment on strategical matters.[1]

Even Clemenceau opposed the plan as foolish and dangerous to allied prestige. A variant of the project, based on the signing of separate armistices, was hardly more favourably received; but the Council decided to hold its final instructions in abeyance until definite word was received from the Germans as to whether or not they would sign.

The decision of the Germans to sign the Treaty as it stood obviated the necessity of considering a new policy; and the delegates subscribed themselves as "acting in the name of the German Empire and of each and every

[1]Secret Minutes, Council of Four, June 16.

component State." The idea of interference with German unity was thus finally abandoned.

4. DIPLOMATIC "JOKERS"

We come finally to a number of seemingly trivial but really important efforts to evade or modify the agreements made by the Four with diplomatic "jokers" in the actual drafting of the Treaty. The French had special opportunities for making conversions more favourable than the actual agreements, in view of their control of the machinery of treaty making—chairmanship of committees, etc. In the hurry and bustle of the few days preceding the handing of the Treaty to the Germans several little "jokers" were passed over unnoticed only to be discovered later. One such—annulling any vote for Germany in the Saar district if the German Government failed to redeem the mines of gold—was pointed out by the Germans and rectified at once. (May 22.)

The story of another of these, discovered by President Wilson, is most significant. The draft agreement of April 20, concerning the fifteen-year occupation of the Left Bank, had contained a vaguely qualifying clause permitting reoccupation at any time if the Reparation Commission "recognize that Germany refuse to execute the whole or part of the conditions agreed upon by her according to the present treaty." In his denunciation of the Rhine compromise in the Plenary Session of May 6, Foch made the astounding observation that the task of reporting all violations, justifying reoccupation—"even those which have no connection with indemnities"—fell to the Reparation Commission. Amid the general annoyance aroused by the Marshal's speech this remark passed without immediate effect; and the Treaty was delivered to the Germans as it stood. But when Wilson

came later to examine the article (430) referred to by Foch he found that the language had been altered so as to authorize reoccupation "in case . . . the Reparation Commission finds that Germany has failed to observe the whole or part of her obligations under the present treaty." On May 9, the President pointed out in the Council how far this wording diverged from the intent of the agreement; but he had to admit "that the original text was partly misleading." The misleading tendency had not only been retained but strengthened in the direction of giving the Reparation Commission power to pass on all violations of the Treaty, instead of being confined to its own chapter; whereas the intent had been to make this qualification of the withdrawal time apply only to financial obligations. Moreover, a real and material change had been made in substituting "failed to observe" for "refuse to execute." Correction of these slips was authorized without objection; but Clemenceau refused his assent to a revision of the original text requested by Wilson—a change from "will" to "may" in the reoccupation phrase. The new article 430, approved finally May 12, applies only to obligations "with regard to reparation." This correction restores the balance of the agreement from the slight further tilt it had taken toward the French side.

But if the French, dissatisfied with the compromises, endeavoured to evade them, the British—and Americans!—were also dissatisfied and endeavoured to modify them—as will be shown in the next chapter.

CHAPTER XXX

British and American Revolt against the Treaty—Lloyd George's "Funk"—Wilson's Attitude toward Revision of the Treaty—Summary of Struggle over French Claims

IF POWERFUL French groups were dissatisfied and disappointed with the compromises with which Clemenceau had emerged from the bitter struggles of the Dark Period—and made efforts, as shown in the last chapter, to evade or modify the terms, equally powerful British groups—and, in lesser degree, the Americans at Paris—were also dissatisfied and alarmed. The French felt that they had received too little; the British and Americans were sure that France had been given too much. Thus French opposition came chiefly from reactionary sources, while British and American opposition came chiefly from radical and liberal sources.

The record of the revulsion of feeling in Great Britain is most remarkable. The Treaty was presented to the Germans on May 7, and the first comprehensive knowledge of its terms was conveyed to the world in the summary issued upon that day. The first reactions came, naturally enough, from the radical and labour press, which in England represented a labour group becoming rapidly powerful in politics—a group with which Lloyd George had always to count.

"The Treaty is entirely in the spirit of the old régime," said the Labour *Herald*. . . . "The League of Nations is

their one concession to new ideas and it is a mere patch of new cloth on a rotting garment."

But there were also sharp criticisms from liberal and independent groups. An analytical article by J. L. Garvin in the *Observer*, attacking the terms of the Treaty, had wide reading and influence both in England and at Paris. Some of the liberal criticism, while condemning the compromises on the terms, yet found hope in the League of Nations.

"Amid all the artificialities, the private fears, and the impossible compromises and the sinister concessions, the idea of the League of Nations," said the Manchester *Guardian*, "has assumed a formal shape. . . . In the League of Nations the President has put into the hands of the peoples an instrument effective for their deliverance both from tyranny and anarchy. It is for them to use it."

On May 11 came the first of the German replies to the Treaty, which were widely published, and these followed voluminously during the next few weeks. If these German responses added to the doubt of the radicals and liberals among the British and Americans they also produced a sudden alarm among the more conservative groups lest the Treaty had been made so severe that the Germans would not sign it. What would that mean? More war?

On May 22 General Smuts, who, more than any other man, typified British liberal opinion at Paris, wrote a powerful letter to Lloyd George making sweeping criticisms of the French settlements, asking that amendments be made in the Treaty; and even suggesting what was, at that time of still intense war feeling, considered extremely radical—that the allied leaders meet the Germans in "oral discussion."

"I am very anxious," he said, "not only that the Ger-

mans should sign a fair and good peace treaty, but also that, for the sake of the future, they should not merely be made to sign at the point of the bayonet. The Treaty should not be capable of moral repudiation by the German people hereafter. . . . The final sanction of this great instrument must be the approval of mankind."[1]

General Botha was also extremely critical. On the other hand, the conservative London *Times*, defending the Treaty and attacking the liberal critics as "sentimentalists," remarked that "Mr. Wilson . . . did not come into the war in order to provide a soft cushion for the enemy. . . ."

The reaction from America was far less vigorous and definite because America was distant from the scene and had little real interest in the exact terms of the settlements —except those with Japan. The popular feeling in America against Germany was still strong and demanded strong settlements. The digest of American press opinion which came daily to the Crillon, as well as cablegrams to the President from Secretary Tumulty and others, indicated either approval in general of the terms or apathy toward them; while the weight of criticism was directed at the League of Nations. It is worthy of comment that the attacks in the United States Senate, both then and later, never emphasized the real defects in the Treaty—which were in the terms—but centred upon the constructive and liberal aspects of it, as represented in the League of Nations.

But among the Americans in Paris who had been closely in contact with the discussions there was much doubt and criticism. Mr. Lansing, in private conversation, was sharp in his comments. Mr. Hoover said that he regarded the economic terms as unworkable, and, in-

[1]See Volume III, Document 66, for full text.

deed, all the American economic experts were dissatisfied, for they had believed in and fought for a definite sum for reparations and continued now to work for changes. A small group of the younger men in the delegation even expressed their dissatisfaction in letters to the commission and suggested that if their position was untenable they would resign. One man did resign.

President Wilson himself presented certain of these American criticisms of the French settlements to the Council of Four. Thus, on May 29, he read to Clemenceau and Lloyd George a vigorous letter he had just received from P. B. Noyes, American delegate on the Inter-Allied Rhineland Commission, who wrote:

> After a month spent in the Rhineland as American Commissioner I feel there is a danger that a disastrous mistake will be made. The "Convention" for the government of these territories, as drafted by the military representatives of the Supreme War Council on May eleventh, is more brutal, I believe, than even its authors desire upon second thought. It provides for unendurable oppression of six million people during a period of years. This "Convention" is not likely to be adopted without great modification. What alarms me, however, is that none of the revisions of this document which I have seen recognize that its basic principle is bad—that the quartering of an enemy army in a country as its master in time of peace and the billeting of troops on the civil population will insure hatred and ultimate disaster. . . .[1]

On the other hand, many of the Americans, among them Colonel House, held firmly to the position that, while the terms were not perfect and could not be made so at such a time of exaggerated fears and fierce emotions, the League of Nations and the various commissions, if sincerely used, provided the instrumentalities not only for tiding over the present difficulties and getting out of

[1]See Volume III, Document 30, for full text of this important report.

the atmosphere of war, hatred, suffering, and fear, but for modifying the terms later. This, of course, was the President's contention. It is of some significance that practically every American who was at Paris throughout the Conference and saw the difficulties that had to be met and how the peace was constructed, as it were, in a fiery furnace, although many criticized some parts of the Treaty, came home to support its ratification and to advise America to accept the League.

But no one at the time, literally, was satisfied with the Treaty. Hope had soared heaven high, the world had been full of dreams—a few men, meeting, as it were, on a smoking battlefield, were to produce, in three months, the millennium!—and here was the result. It was characteristic also that public attention should fasten most sharply, especially in Europe, upon the actual material items of the Treaty—money, towns, islands, railroads, boundaries. These could be actually seen, felt, counted. I recall the excited and eloquent protests of one of the critics:

"Why, I've lived in the Tyrol myself. I know the people there by name. I know the villages. I know what it will mean to transfer those sturdy Germans to Italian rule."

He thus condemned everything done at Paris because he knew the palpable injustice of that single item of the settlements.

Europe knew these things and felt them. Every item of the peace loomed to enormous importance. Few, even if they had the vision, were willing to bear these present hurts and injustices (on either side) in order to look to the future, as Wilson was trying to do, and set up constructive and permanent agencies which, as men cooled down, would gradually work out the justice

that was unattainable at that time. It was inevitable that the terms should represent a sorry compromise—whether Wilson remained or went home. "Justice" never meant the same things to France, Great Britain, Japan, America, and still does not. At the very moment that British liberals were crying out virtuously (and truthfully enough!) against the French settlements, the French were responding bitterly that criticism came with ill grace from a nation that had already got and securely held practically all it claimed out of the war. By the destruction of German sea-power British security was greater than ever before. The empire's chief economic rival was flat on her back. It had secured enormous and rich extensions of colonial possessions—and ships, cables, new access to raw materials. Clemenceau, in effect, caustically responded to Lloyd George: "You want France to make all the concessions; if you think the Germans will not sign, why not yourselves offer some colonies and ships?"

But for whatever colonial concessions the British would make, they demanded equal ones in this field, too, by the French.

Wilson saw more and more clearly, as the Conference developed, how impossible it was to secure any real unity or any real justice, on a basis of competitive interest. "Interest," as he had said, "never binds men together. Interest separates men."

His purpose, therefore, was to work continuously and inflexibly for a principle of unity broader than immediate self-interest, and secure the adoption of an instrumentality of coöperation—the League—that would bind men together and help later, if not at this wild and turbulent moment, to settle the problems and dangers he so vividly saw threatening the world—problems of military force at

one extreme and chaos and anarchy at the other. Again and again he spoke of this as the peculiar function and service of America; that by virtue of the very fact that she had few immediate and specific interests to serve she could stand a little aside, take a longer look ahead, and demand further-sighted and more permanent remedies. He, of all the leaders at Paris, must have faith, patience, steadiness of purpose.

Wilson had a remarkable way of laying bare his whole thought—his very heart—in public addresses during critical moments. In a little-known address delivered before the International Law Society at Paris on May 9, two days after the Treaty was given to the Germans and just at the beginning of the storm of criticism, Wilson said with a sadness no one who was there can forget, for it seemed to express his own disillusionment and yet his determined faith in his new and constructive proposals:

> One of the things that have disturbed me in recent months is the unqualified hope that men have entertained everywhere of immediate emancipation from the things that have hampered them and oppressed them. You cannot in human experience rush into the light. You have to go through the twilight into the broadening day before the noon comes and the full sun is upon the landscape; and we must see to it that those who hope are not disappointed by showing them the processes by which hope must be realized, processes of law, processes of slow disentanglement from the many things that have bound us in the past. You cannot throw off the habits of society immediately any more than you can throw off the habits of the individual immediately. . . . In the new League of Nations we are starting out upon uncharted seas, and therefore we must have, I will not say the audacity, but the steadiness of purpose which is necessary in such novel circumstances. And we must not be afraid of new things at the same time that we must not be intolerant of old things. We must weave out of the old material the new garments which it is necessary that men should wear.

The most notable and important result of the hubbub of criticism of the Treaty in Great Britain—and by Americans at Paris—was the effect upon Lloyd George. As the dissatisfaction spread after May 7, he began to be more and more uneasy, more and more alarmed. His political prestige and control at home were threatened. He could easily endure the criticisms of the terms—which he himself had not only helped make, but had approved—but a devastating new element began here to enter: the fear that the Germans would not sign the Treaty! He could face down liberal and radical criticism but he could not go to Parliament with a failure. To a leader fighting for principles, failure is an incident, but to a leader like Lloyd George, fighting always for political supremacy, failure is utter defeat. He could defend an objectionably strong treaty—for the feeling in England against the "Huns" was still very powerful—but how could he go home and explain a rejected treaty and ask, possibly, from a war-sick nation new armies and new military credits to support, not British demands, but French claims that a considerable part of the British public thought dangerously unjustifiable? Here was a dilemma, indeed! Lloyd George began coming into the Council of Four with great anxiety. Wilson referred several times, in speaking to the writer, of Lloyd George being in a "funk"—"a perfect funk." In making the Treaty originally, especially the all-important reparation clauses, he had taken counsel of the most reactionary British advisers—Lord Cunliffe and Lord Sumner—and he was now, characteristically, veering to the other extreme and taking counsel of Smuts and Cecil.

He began his attack on the completed Treaty with criticism of the Army of Occupation on the Rhine and finally argued hotly that it was only a "method of quarter-

ing the French army on Germany and making Germany pay the cost."[1] He then began to broaden out and criticize the Silesian settlements and other aspects of the Treaty.

Of course, the moment Lloyd George began to urge modifications of the French claims Clemenceau began to bristle with opposition. On May 29 the following heated exchange took place regarding the Army of Occupation on the Rhine:

> M. CLEMENCEAU said he could not agree to a reconsideration of what had been written in the Treaty.
>
> Mr. LLOYD GEORGE said that as one of the Powers which had inflicted defeat on Germany he intended to insist on reconsideration of this question and he was entitled to be heard.
>
> President WILSON said his point of view was that we must insist on the civil life of the people continuing without interference.
>
> M. CLEMENCEAU said he was willing to accept President Wilson's point of view, but he was not willing to have the decision reconsidered.[2]

M. Clemenceau stood like a rock against every argument of Lloyd George. He refused to give an inch. "Here in France," he said, "he was accused of making too great concessions." Indeed, as was shown in the last chapter, he was having trouble with his own old military and diplomatic leaders—his Fochs and Poincarés—who were trying by intrigue to overthrow the settlements he had made because they were too weak, and here was Lloyd George asking him to make them weaker still! "He would be upset" in his own chamber, as he told the Four on June 2, if he went any further.

But Lloyd George grew only more panic-stricken; and indeed a very real fear, not without a sound basis, existed

[1] Secret Minutes, Council of Four, June 2.

[2] Secret Minutes, Council of Four, May 29.

that the Germans would simply refuse to sign. I find in my diary of May 28:

> Everyone is now asking: "Will the Germans sign?" Up to noon every day I think they will; after luncheon I am not sure; and just before going to bed I am persuaded they will not. On the whole I think they will—with fingers crossed.

The only way by which Lloyd George could make any headway against Clemenceau was with Wilson's support; and Wilson was holding back. Lloyd George had Colonel House in to luncheon to argue with him; he talked with Mr. Baruch and other Americans, urging them to bring pressure on the President. On June 1 (Sunday) he hastily called a cabinet meeting at Paris—all the members he could get together—and came away still more excited and agitated. He now had a session with the President, and asked him to see Clemenceau and try to persuade him.

Later, in the Council of Four, he poured out his regret, and even naïvely expressed his own wonder that he could ever have accepted such terms.

> "He had to admit that he ought to have contested this point before. . . . But he had not quite realized the strength of the feeling of his colleagues about it . . . Mr. Hughes [of Australia], whom no one could suspect of any sympathies towards the Germans, had asked how he had ever agreed to this Treaty."[1]

As was shown in Chapter XXVII Lloyd George had given no support whatever to Wilson in the original terrific struggle over these very problems during the Dark Period. He had let Wilson and Clemenceau "fight it out." He had stepped aside not without an almost flippant last fling at Clemenceau. He had even made

[1]Secret Minutes, Council of Four, June 2.

it harder for the President by demanding more rigorous reparation terms than the French. Now that the settlements had been made, Wilson was not inclined to open them up again without the best of reasons, for he saw in such a course only a return to the hopeless struggles of the Dark Period. If the French were forced to yield some of the guarantees they regarded as essential, the other powers would have to meet new demands for guarantees elsewhere, possibly in modifications of the Covenant of the League. The whole delicate fabric of the settlements might break down. And what would be the effect upon the war-weary and impatient publics of the world if at this late stage, with the Germans waiting at Versailles, the whole controversy among the Allies were again opened up? There is no doubt also that the gyrations of Lloyd George made the President "very sick." As he said plainly to the American delegation:

> The PRESIDENT. Well, I don't want to seem to be unreasonable, but my feeling is this . . . that the time to consider all these questions was when we were writing the treaty, and it makes me a little tired for people to come and say now that they are afraid the Germans won't sign, and their fear is based upon things that they insisted upon at the time of the writing of the treaty; that makes me very sick.
>
> And that is the thing that happened. These people that over-rode our judgment and wrote things into the treaty that are now the stumbling blocks, are falling over themselves to remove those stumbling blocks. Now, if they ought not to have been there, I say remove them, but I say do not remove them merely for the fact of having the treaty signed.[1]

But Lloyd George was at the point of a desperate ultimatum. When Clemenceau remarked that "he hoped Lloyd George would not begin the whole matter over

[1]See verbatim report of meeting of American delegation, June 3, Volume III, Document 68.

again. The situation was very grave," Lloyd George responded:

> If M. Clemenceau and his Cabinet came to the conclusion that they could not meet the British Government on that point, he would have no alternative but to go home and put the whole matter before his Parliament.[1]

The situation was, indeed, very grave. Here was Lloyd George threatening to go home, and Clemenceau facing, as he said plainly, a Cabinet crisis. For a black moment it really looked as though the Peace Conference would, even at this late date, break up.

Finally, however, it was decided that each of the Three should confer with his associates and experts and consider how to meet the crisis. On June 3 the President called an extraordinary conference of the American delegation—not only the commissioners but most of the experts—some forty men—and placed before them the problem he had to solve. It was the largest conference the President held at Paris, with the freest discussion, and we are fortunate in having a verbatim report of what was said.

The President was not unwilling to have changes made in the terms. He admitted that the occupation provisions were logically unsound and that they interfered with the proper working of the reparation principle. General Bliss was much more vehement. He called the whole arrangement "a slap in the face of the League of Nations," besides "not sound business," and expressed some hope of getting the French to consider a reduction of time and even of having the occupation cease when Germany should be admitted to the League. The President appeared less hopeful of moving the French from their

[1]Secret Minutes, Council of Four, June 2.

position. He gave his aides leave in this, as in the matter of fixing a sum for the reparation account, to reargue the case with the French experts; but they were not to insist to the point of endangering the agreement.

The necessity of getting peace, getting an agreement, getting out of the atmosphere of war, where the new forces of the League could begin to function, was growing more and more apparent to him. He said:

> The PRESIDENT: The great problem of the moment is the problem of agreement, because the most fatal thing that could happen, I should say, in the world, would be that sharp lines of division should be drawn among the allied and associated powers. They ought to be held together, if it can reasonably be done, and that makes a problem like the problem of occupation look almost insoluble, because the British are at one extreme, and the French refusal to move is at the opposite extreme. Personally, I think the thing will solve itself upon the admission of Germany to the League of Nations. I think that all the powers feel that the right thing to do is to withdraw the army. But we cannot arrange that in the treaty, because you cannot fix the date at which Germany is to be admitted into the League. It would be an indefinite one. . . . What is necessary is to get out of this atmosphere of war, get out of the present exaggerated feelings and exaggerated appearances, and I believe that if we can once get out of them into the calmer airs, it would be easier to come to satisfactory solutions.

And so the Americans did not strongly second the British in their drive to overturn the Treaty's basis of compromise. Instead, they devoted themselves mainly to holding the others in line by reconciling their differences. In the matter of reparations, in which the American economic and financial experts, Davis, Baruch, Lamont, and others, were chiefly interested—where they considered changes most necessary—they had no support whatever from Lloyd George. They all believed, and were here supported by British liberal opinion, that a

definite sum should be fixed. But Lloyd George saw political lions in the way—he remembered the extreme promises he had made in his election speeches in December. In the meeting of the Four on June 9 he comes out quite frankly and opposes the American demand that a sum be fixed.

> Mr. Lloyd George said that . . . on the question of fixing the amount he was not in agreement with the United States experts. He had turned the matter over in his mind again and again, in order to try and meet their views. . . . Any figure that would not frighten them [the Germans] would be below the figure with which he and M. Clemenceau could face their peoples in the present state of public opinion. . . . Mr. Bonar Law had been in Paris during the last day or two and was better in touch with British public opinion than he was himself. Mr. Bonar Law was also inclined to take the same view as the United States delegates, but the moment any possible figure was mentioned he began to shrink from it.

On the point of the Army of Occupation, however, the British attack was most persistent. And here the American experts did their best to help with compromise suggestions. Finding Clemenceau willing to approach the occupation problem from the side of the cost of the army, they suggested establishing an annual limit for this—proposing 240 million gold marks. This tended to mollify the British, especially as Clemenceau supported the idea by remarking, in the session of June 10, that "he was not in favour of a large charge for the cost of the Army of Occupation. He wished the army to be as small as possible in order that more assets might be available for reparation." The old strategist was defending his ground with great skill, accepting reverses on less important points to keep the essential ones covered.

But the British were not satisfied. On June 12 Lloyd George brought in a letter from Barnes—the labour

leader member of the delegation—repeating all the old arguments against the Treaty as written, and a lively new discussion took place between him and Clemenceau.

As a result of all this, compromises were made with Clemenceau by means of a "convention" and a "declaration," both outside of the Treaty. Such arrangements were set up to solve especially difficult problems in a number of cases at Paris; for example the understanding of April 30 with Japan regarding withdrawal from Shantung.

By the "convention," which was made public (June 16) and ultimately signed by the allied Powers and Germany, a supreme civil rather than military control of the occupied territory is set up, thus meeting one of Mr. Noyes's criticisms.

The "declaration," which Wilson suggested on June 12, for getting out of the threatening impasse between Lloyd George and Clemenceau, was much more important. It provided for limiting the cost of the Army of Occupation and, therefore, by implication, limiting its size, and it even promised an "earlier termination of the period of occupation" on condition that "Germany has given proofs of her good-will and satisfactory guarantees to assure the fulfillment of her obligations." While this satisfied neither the British, for whom it was too mild, nor the French, for whom it was too strong, it was signed by Clemenceau, Lloyd George, and Wilson on June 16.

So far as the writer knows, this most important "declaration" has never been published in full. Some of its terms were known, however, and made Poincaré rage and attack Clemenceau for betraying France to Lloyd George. Tardieu tries to brush it aside entirely with the report that "Chapter XIV [of the Treaty] was kept in its entirety, without the change of a single word."[1] While it is true that the

[1] "The Truth about the Treaty," by André Tardieu, p. 198.

actual wording of the Treaty regarding the occupation of the Left Bank was not changed, the effect was much modified by this special "declaration." Neither does this declaration ever appear to have been published in England, for there is only a passing reference to it in the monumental record of the Peace Conference, edited by the Institute of International Affairs. It is here published in full from the original document (see facsimile):

The Allied and Associated Powers did not insist on making the period of occupation last until the Reparation Clauses were completely executed, because they assumed that Germany would be obliged to give every proof of her good will and every necessary guarantee before the end of the fifteen years' time.

As the cost of occupation involves an equivalent reduction of the amount available for reparations, the Allied and Associated Powers stipulated, by Article 431 of the Treaty, that if, before the end of the fifteen years' period, Germany had fulfilled all her obligations under the Treaty, the troops of occupation should be immediately withdrawn.

If Germany, at an earlier date, has given proofs of her goodwill and satisfactory guarantees to assure the fulfilment of her obligations the Allied and Associated Powers concerned will be ready to come to an agreement between themselves for the earlier termination of the period of occupation.

Now and henceforward, in order to alleviate the burden on the reparations bill, they agree that as soon as the Allied and Associated Powers concerned are convinced that the conditions of disarmament by Germany are being satisfactorily fulfilled, the annual amount of the sums to be paid by Germany to cover the cost of occupation shall not exceed 240 million marks (gold). This provision can be modified if the Allied and Associated Powers agree as to the necessity of such modification.

The legal effectiveness of such a document, signed by the heads of governments but not incorporated in the treaty it modifies, and not ratified by the national legis-

DECLARATION BY THE GOVERNMENTS OF
THE UNITED STATES OF AMERICA, GREAT BRITAIN AND FRANCE
IN REGARD TO THE OCCUPATION OF THE RHINE PROVINCES.

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16th June, 1919.

Woodrow Wilson
Clemenceau
D. Lloyd George

Facsimile of Declaration of June 16, regarding Army of Occupation on the Rhine

latures, is a matter which may cause international lawyers some trouble if it is ever called into question.

The change made in the Silesian settlements was perhaps the most important of those due to the British demands. The requirement of a plebiscite in Upper Silesia was a blow deeply felt by France to her plans for breaking Germany down in the east. As for the Saar provisions, the only change was the rectification of a tricky perversion.

Whether all these changes made any appreciable difference in the essential justice of the settlement is a matter open to question. At all events, they deepened the dissatisfaction in France with the compromise effected on the programme of security and opened dangerous possibilities of future misunderstandings and disputes. The French felt that they had been done out of a part of what had once been actually awarded them. The Germans, on the other hand, found their fundamental criticisms of the Treaty met only by a set of superficial modifications, the doubtful results of which remained to be contested. The only satisfaction obtained by Great Britain was the dubious one of holding a sort of balance for the future between the contesting parties—facing serious dangers, as subsequent events have shown, in pronouncing for either. As for the interests of the United States, the League of Nations was left unaffected by this fierce controversy, but the general world situation, which also deeply affected her, was more precarious than before and the chance for the League to accomplish real results was made more difficult.

In conclusion, one might sum up the results in documentary terms of the struggle over the French programme of security and reparation.

1. MILITARY PROGRAMME

As a result of the military demand for the Rhine frontier, we have the permanent demilitarization of both banks of the river (Arts. 42–44) and the occupation clauses (Arts. 428–432) under the heading of "Guarantees." The term is fifteen years, with chances rather better for maintaining the line intact and prolonging the period than for reducing either the area or the time. The disarmament of Germany, on which the French at first laid so little stress, finally came to occupy a whole main division (Part V) of the Treaty. Of all these articles the French defenders of the Treaty attach especial importance to the last (213), providing for investigations by the League into their observance.

2. DIPLOMATIC PROGRAMME

The diplomatic programme of setting up an armed coalition in support of France received but little satisfaction finally in the Covenant of the League of Nations. A general guarantee of defense is there in Article X, but not the precision and hair-trigger military effectiveness the French desired. The advance toward a new order of international relations eliminating war by the substitution of reasonable methods of settling questions, which President Wilson regarded as the real and only worth-while contribution to France's security, was far less regarded by France than the British and American treaties of guarantee; and France felt that the bottom had dropped out of her security when these failed of ratification. The Continental diplomatic programme, built on the Old Order of diplomacy, however , has worked out fairly well for France in the development of the prickly "Little Entente" on the eastern side of Germany.

3. POLITICAL PROGRAMME

The political programme had a fairly large measure of success. Germany was deprived completely of her colonies, of Alsace-Lorraine, of certain bits on the Belgian frontier, and of considerable slices on the north and east (though the Silesian outcome was a disappointment to France). The Rhineland is lost to Germany for a time. Her hold on Luxembourg is broken. She has renounced (by Art. 80) any future union with Austria. The reduction of Germany is considerable, though not all France had hoped for; and there is a tidy addition to France—Alsace-Lorraine, colonies, a chance at the Saar, customs union with Luxembourg. All these transfers of territory have their importance in the economic as well as the political field.

4. ECONOMIC PROGRAMME

On the economic side the control since gained over the left bank of the Rhine and a portion of the right, while it is an extension of the original compromise, at least shows the potentialities that lay within it. In the way of imposing a financial incubus on Germany, the French were beaten on the issue of war costs, but got away with an uncalculated demand for reparation, to the categories of which were added pensions and expenses of the occupation. The consequent demoralization of Germany's economic life, while doubtless not as catastrophic as the French could wish to see, has been fairly serious. That the secondary principle of reparation, in its proper sense, has suffered correspondingly seems quite natural, but only increases the unreasoning exasperation of the French.

For have all these things brought security? Ask any Frenchman. A Tardieu will reply they have not because France's associates have not lived up to their agreement.

A Poincaré or a Foch will answer they have not, because they were insufficient to begin with. But suppose France's associates, at that time or since, had offered to go as far with her as she desired. Where would she permit them to halt? Only at the point where Germany's permanent inferiority to France was assured. And how can the inferiority of a growing, resourceful, determined nation to a diminishing and conservative one ever be guaranteed? If at all, only by such monstrous arrangements, based on armed force, as would set back the progress of moral and material civilization for the entire world by untold generations. And even these arrangements would require constant strain to maintain them and constant reinforcement by new measures as the operation of natural forces undermined them. Security for France and tranquillity for the world are not to be attained by that road, as Wilson persistently and patiently argued. If France cannot maintain herself against Germany under the old international order of hates, rivalries, jealousies, and matching of power, by the development of her own energies—and apparently no Frenchman has confidence in that—there is only one way out: the attainment of a new order of international relations. Progress toward it must be firm and unhesitating and uncompromising. If one foot is kept in the domain of the Old Order, as Wilson said, the other cannot go forward. The securities France seeks—even those that she has obtained—can only create such fresh hates, strivings, and entanglements as to require more and more of the old sort of securities against them. Once the vicious circle is entered there can be no more progress forward and no stopping of the old round except by another disaster—perhaps final this time.

One may feel the greatest sympathy for France in her present suffering, one may acknowledge the vastness of

her losses and feel the deepest indignation at the cause of them, one may even admit that the guarantees she now demands are based not upon aggressiveness but upon apprehension, and yet deny utterly the validity of the French programme of security. Shall the safety and progress of the entire world be sacrificed to the hysteria of French fear?

What, one may ask then, can be done with France? Well, why not stop humouring her once for all? The policy of going with her to the limit is unthinkable. The policy of compromise has been tried and found unworkable—as the economic experts argued at the time, and as events have since proved. The only safety, not only for the world but for France herself, lies absolutely to-day, as it did when President Wilson argued for it at Paris, in a new order of relationships—a new coöperation of nations—with peace and justice based, not upon force, but upon mutual guarantees. There is no other possible alternative, and unless the world accepts and follows this straight and narrow way, it is doomed to drift along the broader and easier way to sure destruction, with military force and diplomatic alliances struggling to maintain artificial national boundaries and keep down the spreading unrest of the world.

PART VI

THE ITALIAN CRISIS

CHAPTER XXXI

The Italian Crisis—What Italy Demanded—Personality of Italian Leaders, Orlando and Sonnino—Battle of the Experts

ON THE day that the Germans were at last summoned to Versailles (April 14) to learn their fate, President Wilson said in a public statement:

> It is hoped that the questions most directly affecting Italy, especially the Adriatic question, can now be brought to a speedy settlement.

This hope was based upon the great fact that the Three Powers—America, Great Britain, and France—after weeks of struggle in the Dark Period (described in preceding chapters) had finally reached a basis of compromise on the French claims, and could now turn, with some semblance of unity, to meet the importunities of Orlando and Sonnino.

It may well have been assumed at the moment that this hope of the President for a "speedy settlement" was well founded; but it was not. No problems dragged themselves out to such tedious and exasperating lengths as those of Italy, and the reason is not far to seek. While a formula of the peace had indeed been arrived at by the Three, it was a mixture of oil and water. It contained in the League of Nations the programme of the New, and in the terms of the settlements an expression of the fears, greeds, and ambitions of the Old. There had been no real change of spirit, no genuine meeting of the minds

between the New and the Old. Wilson was as far distant from his colleagues in his essential attitude toward the problems presented as before.

When the Three turned, therefore, to the two essential settlements yet to be made before the Peace with Germany could be signed—those with Italy and Japan—the negotiations were marked by a fatal two-mindedness. Wilson still endeavoured desperately to apply the principles of the New, to seek settlements not only just in themselves, but based upon a broad and generous programme of coöperation, while Clemenceau and Lloyd George, entangled in the commitments of secret treaties, and themselves unsympathetic with the President's programme, upheld the Old. This gave the Italians an unexampled opportunity, which they did not fail to seize upon, to bargain and bluff, to seek to win by keeping the opposition divided and playing off Clemenceau and Lloyd George against Wilson. It was a game at which Italy, for centuries at the mercy of greater powers, had become past master. It had made the "fine Italian hand" in diplomacy notable or notorious (as one may choose to look at it) throughout the world. And yet the Italians at Paris played it wretchedly. They had no Cavour. They were themselves divided and double-minded; and Sonnino was for ever hobbling Orlando, and Orlando defeating Sonnino. If the Italians at Paris had had the clearness and steadiness of purpose of the Japanese they might have won a substantial diplomatic victory.

It is for these varied reasons that the Italian crisis, though none is more provokingly futile and fruitless of results, is more illuminating as regards the essential struggle of the two Ideas at Paris—a struggle destined to last out the century!—than any other. Here were

dramatized all the elements of conflict between the New and the Old; all the resources of argument, tactical device, and personality on each side were here vividly displayed. Each side in turn, though handicapped by the other, endeavoured to meet the problems—and every proposal failed for want of unity of purpose based upon correct principles.

The Italian crisis naturally divides itself into five clearly recognizable periods, and will be so treated in this and two following chapters.

First, the effort to settle the problems upon the basis of the inquiries and advice of experts. This was one of the principal methods of the New—and was, throughout the Conference, constantly recommended and practised by President Wilson. Here it was tested to the uttermost —and failed. The reasons for this failure are most instructive.

Second, the brief but stormy attempt at settlement by secret discussion and arrangement in the Council of Four (April 19 to 23). This was according to the approved method of the Old, and might have succeeded if Wilson had not been there. But it failed and led to the explosion and crisis of the third period.

Third, the appeal of Wilson (April 23) to the people of the world, in which the controversy suddenly emerged into daylight. This was in its turn a device of the New. Wilson always held in reserve the great weapon of an "appeal to the people." Here he tried it out. It precipitated the withdrawal of Italy from Paris and nearly broke up the Peace Conference. It also failed.

Fourth, a return to the secret discussions of the Councils of Three and of Four with a furious attempt at settlements according to the most sordid methods of the old diplomacy: first, the attempt to buy Italy out of Fiume with offers

of land in Turkey, to which the donors themselves had no right, followed by an astonishing reversal on the part of Lloyd George and an attempt to buy Italy out of Turkey with the offer of Fiume. This also failed.

Fifth, final negotiations based upon a technical project, the failure of which led to the general dénouement in which Italy, accepting the inevitable formula of Paris, that peace and maintenance of allied unity and world order was more important than any specific settlement, signed the Treaty of Versailles, and accepted the League of Nations.

No better picture of the true condition of the suffering and disorganized world, no better understanding of the real nature of its ills, or of the treatment that will not cure them, can anywhere be had than in a study of this Italian crisis at Paris. Much has already been written about it, but its general significance has been lost in the confusion of argument over its unimportant details; and this largely because considerable ranges of the facts, as they appear in the secret minutes and documents, have not hitherto been known.

Before describing the actual struggle over the Italian claims it is most important (as in the case of France) to understand exactly what Italy wanted.

Italy came into the World War as the direct result of a bargain as to what she was to get. She held aloof for eight months and dickered with both sides. She was animated, as her Foreign Minister (Signor Salandra) said on October 18, 1914, by the sentiment of *sacro egoismo* —"consecrated selfishness"—and this, as he said, guided her in her negotiations with the belligerent powers. Sonnino told the Council of Four that "Austria had offered Italy the Adige and the islands [of the Adriatic]"[1] but

[1]Secret Minutes, Council of Four, April 19.

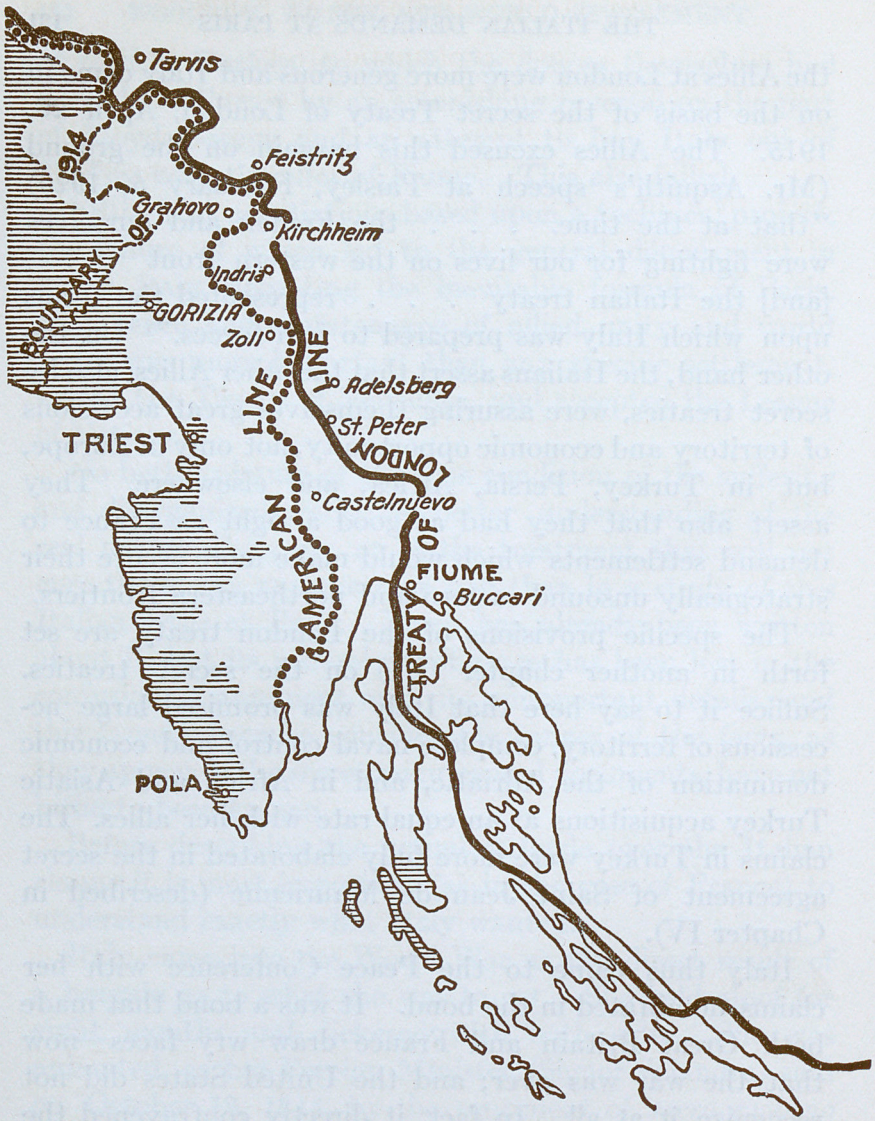
the Allies at London were more generous and Italy came in on the basis of the secret Treaty of London, April 26, 1915. The Allies excused this bargain on the ground (Mr. Asquith's speech at Paisley, February 5, 1920) "that at the time. . . . the French and ourselves were fighting for our lives on the western front . . . [and] the Italian treaty . . . represented the terms upon which Italy was prepared to join forces."[1] On the other hand, the Italians assert that the other Allies, also by secret treaties, were assuring themselves great accessions of territory and economic opportunity, not only in Europe, but in Turkey, Persia, Africa, and elsewhere. They assert also that they had as good a right as France to demand settlements which would make more secure their strategically unsound eastern and northeastern frontiers.

The specific provisions of the London treaty are set forth in another chapter (III) on the secret treaties. Suffice it to say here that Italy was promised large accessions of territory, complete naval control and economic domination of the Adriatic, and in Africa and Asiatic Turkey acquisitions at an equal rate with her allies. The claims in Turkey were more fully elaborated in the secret agreement of Saint Jean de Maurienne (described in Chapter IV).

Italy thus came to the Peace Conference with her claims nominated in the bond. It was a bond that made both Great Britain and France draw wry faces—now that the war was over; and the United States did not recognize it at all. In fact, it directly contravened the ninth point of Wilson's Fourteen:

> A readjustment of the frontiers of Italy should be effected along clearly recognizable lines of nationality.

[1] "A History of the Peace Conference of Paris," Volume I, p. 191.



Map showing the Treaty of London line for the eastern boundary of Italy, also the old boundary of 1914, and the line proposed by the American experts and fought for by President Wilson. The shaded areas represent territories populated chiefly by Italians

And yet by a clever diplomatic stroke at the time of the Armistice—an incident almost unknown then or since in America—the Italians had in reality placed their claims under the secret treaty of 1915 on a stronger legal basis than any other similar claims. For they had with shrewd foresight refused to accept the Fourteen Points (so far, at least, as Italian settlements with Austria were concerned) as the basis of the peace, as France, for example, had done.

It will be remembered that at the memorable session of the Supreme War Council of November 4, 1918, which laid the basis of the Armistice with Germany, Great Britain made a noteworthy reservation regarding Point Two of the Fourteen, which dealt with the Freedom of the Seas. At the same time Orlando made a reservation regarding Italy's rights under Point Nine; but it was not incorporated in the note to the Germans on November 5 on the ground that it concerned the peace with Austria-Hungary, not that with Germany, and thus it received no publicity. Colonel House was present and did not protest this reservation. With his passion for conciliation he probably made light of the whole matter, trusting to smooth things over in the final settlement. But this reservation inevitably rose to plague the President in the Peace Conference. For example, on April 20:

> M. ORLANDO said . . . he had made a definite reservation at the beginning of the Peace Conference with the United States of America, through Colonel House, who had not objected, in regard to their application [the Fourteen Points] to the Austro-Hungarian treaty.
>
> President WILSON said . . . he fully realised that Italy was not bound by the Fourteen Points in making peace with Austria. [1]

[1] Secret Minutes, Council of Four.

This left Wilson himself bound by the principle of Point Nine but with no commitment on the part of Italy (as in the case of France and Great Britain) to play off against Italian demands under the formal bond of the Treaty of London.[1]

To the territories designated in the Treaty of London, then, Italy had a sort of legal claim, not formally renounced. On this basis she could have held her allies, Great Britain and France, and might by sticking unwaveringly to it have thrown the United States into an almost helpless isolation. Unhappily for her own case, however, she insisted upon going greedily beyond the terms of her bond and claiming, among other things, the city of Fiume, which was expressly included within the territories assigned (by a note to Article V of the Treaty) to "Croatia, Serbia and Montenegro."

Now, it has been assumed by certain writers that this assignment of Fiume to Croatia at the time was made with Italy's free consent, but this, as the secret records clearly show, is not correct. Italy had coveted Fiume from the beginning of the war and was only restrained from claiming it in the London treaty through a complicated diplomatic intrigue then going on with the object of bringing Bulgaria into the war on the side of the Entente. Fiume was to be offered to the future Jugoslav state as compensation for certain sacrifices of Serbian territory to Bulgaria.[2] This whole intrigue fell through, leaving Italy's renunciation of Fiume as its only trace. That renunciation had not been made willingly, and she repudiated it as soon as the penitent mood induced by defeat and invasion cleared from her soul.

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[1]Strong legal arguments have been made to show that the Italians made no effective reservation at the time of the pre-Armistice agreement.

[2]Secret Minutes, Council of Four, May 3.

She wanted Fiume in order, bluntly, to assure her undisputed economic domination of the Adriatic, and to stifle any rivalry on the part of the new Jugoslav State.

"It will be very difficult," said Barzilai, one of Italy's delegates at the Peace Conference, "for us to keep up the commerce of Trieste unless we control Fiume and are able to divert its trade to Trieste."

It did not matter that Fiume had been assigned by the Treaty to the Jugoslavs, or that, because it was their only outlet to the sea, their very economic prosperity was dependent upon it: the Italians were determined to have it. For deep down the Italians were as completely obsessed as the French with the idea of maintaining their economic superiority over their neighbours on the east.

But the mischief of the inclusion of their demand for Fiume, from their own point of view, was that it prevented them from standing unequivocally to the letter of the Allies' bond. As a result the Italian case became an extraordinary medley of arguments—legal, ethnographic, geographic, strategic. They twisted and wriggled and turned in their effort, not only to get all that was in their treaty, but these added concessions and annexations. Where one consideration turned against them others were advanced with the most shameless disregard for consistency. It was diplomatic bargaining gone wild! On one day the endless discussion seemed to turn on the Treaty of London; the next, on Fiume. On one day the Italians denied the application of the Fourteen Points to their claims, on the next they invoked Wilson's principles. At one time they seemed to be working with the Americans against the French and British; at the next, with the French and British against the Americans. Like France, Italy had in reality no alternative proposals, but wanted all she claimed.

A vital difference existed, however, between the French and the Italian claims. France's were made against the arch-enemy, Germany, while Italy's were made mainly against the friendly Jugoslavs. The United States, indeed, tentatively recognized the new Jugoslav State (February 7) and delegates were present at the Peace Conference. Serbia had been a loyal ally throughout the World War and the Slavs in all these regions had been regularly treated as friends and their national aspirations cultivated as an asset to the allied cause. Italy herself, in her times of stress, had not scrupled to avail herself of this asset, to enroll Jugoslav volunteers in her army, and to encourage their projects of liberation and unification. She even made an effort to counteract the disillusionment which followed publication of the Treaty of London by the Bolshevists of Russia (November, 1917) by advances calculated to give the impression of a repudiation of that disreputable bargain. The exchanges of views between Italians and Jugoslavs which culminated in the Congress of Oppressed Austro-Hungarian Nationalities at Rome, in April, 1918, were unofficial; but members of the Italian Government took part, and Premier Orlando himself addressed the Rome Congress, indorsing its objects. Among the inducements held out to the Jugoslavs in order to regain their confidence was a pretty clear approval of their claim to Fiume and Dalmatia. Of course, all this was while the Devil was sick. What Orlando sincerely meant in the spring of 1918 he was quite ready to question before the close of the year when the pressure of peril had passed and the barometer of idealism was falling rapidly.

Thus when the Austrian armies collapsed, the Italians, under the Armistice, not only occupied more territory than they had been promised under the London treaty,

but the Jugoslav detachment which had occupied Fiume was superseded by a mixed allied force, chiefly Italian.

These Italian claims to territory disputed by the Jugoslavs involved, of course, a complete change of front on the part of the Italians toward their neighbours on the east. It was like any line-fence controversy in which the aggressive neighbour must nurse his hatred to prove his case.

No longer was there talk, as in the Pact of Rome, of "good and sincere relations between the two peoples" or of common action "to solve amicably the various territorial controversies on the basis of the principles of nationality and of the rights of peoples to decide their own fate, and in such a way as not to injure the vital interests of the two nations." This was Wilsonian! In the Council of Ten, on March 11, the same Orlando who had urbanely welcomed at Rome a year before the representatives of other nationalities seeking liberation from Austria-Hungary declared that "he regarded the Croats and Slovenes . . . as his enemies." He added:

"As far as Italy is concerned, these people had merely taken the place of the Austrians."

If the pressure of danger had forced him to assume the former pose, this latter one was required of him to support the claims that Italy was making. Instead of trying to "solve amicably" the differences with their neighbours, therefore, the Italians would not even discuss matters in a common meeting with them "any more," Orlando stated, "than France would ever agree to admit Germany to take part in a discussion on the settlement of her frontiers." So far as these particular differences were concerned, Italy would not even accept discussion with Serbia in the quality of allied state.

Such were the aims, and such was the spirit with which

Italy came to Paris. It is not quite fair, however, to say that there was no Italian policy apart from the pursuit of these selfish and short-sighted interests. Italy, like all the other nations at Paris, was divided. She was divided politically at home. No nation in Europe has developed in recent years more rapidly in an economic and industrial sense than Italy in its northern cities—Milan, for example—and this has been accompanied by a remarkable growth of liberal opinion, represented by such great newspapers as the *Corriere della Sera* and the *Secolo* of Milan. Nowhere has the working-class co-operative movement had a finer or more intelligent expansion; and nowhere has there been a healthier revival in the intellectual life of the nation. If France impresses one as old—old and tired, seeking security rather than adventure, and safety before growth—the Italians of the north, at least, give one an unmistakable impression of new vitality. They are a prolific, industrious, vigorous people.

While the best of Italy is not yet represented in its political control, and the leaders in Paris, Orlando and Sonnino, supported the crudest aims of the old order of national competition, yet it is significant that the Italian economic delegates at Paris, notably Crespi, were not excelled in the breadth of their vision of world economic problems.

But Italy, as a whole, had no real leadership at Paris. She was a prey of conflicting tendencies with no single dominant personality at all comparable to Wilson, Clemenceau, or Lloyd George. Orlando was a scholarly gentleman with the urbanity of the southern Italian. While he was, like Lloyd George, progressive in his inclinations, he was first of all, also like Lloyd George, a politician playing for the glittering prizes of the moment. And he

was not a strong man. He could not, though he was Premier, control his own delegation and was not on speaking terms, at times, with his Foreign Minister, Sonnino. Sonnino was much the stronger character: a cold, determined, imperialistic diplomat of the old school. He was really not Italian at all. His father was an Italian Jew, his mother a Scotchwoman. A lonely man, with a dark immobile face, he gave the impression of being saturnine. He was never popular in Italy, but was kept for years in high places—was once Premier—because he was universally trusted as an honest man. Sonnino possessed, perhaps, the clarity of mind and fixity of purpose to have given Italian policy a unified direction—in a very narrow, imperialistic sense—but he could do nothing when diluted by Orlando. And Orlando, who had much real sympathy for Wilson's ideals, could not lead.

President Wilson summed up the situation admirably when he told a group of experts, on March 29: "I can get along with Orlando, and could quickly arrange matters with him, if he was not scared to death of Sonnino."[1]

We may come now to the struggle itself—the first period beginning with the preliminary skirmishes for tactical position and developing into the battle of the experts.

FIRST PERIOD: SKIRMISHING FOR POSITION: THE BATTLE OF THE EXPERTS

Up to February 15, when the President sailed home to America, the Italian claims, by some sort of tacit understanding, were kept patted away out of sight. Yet the Italians were by no means idle. No nation at Paris was more indefatigable with its propaganda than Italy. Several Paris newspapers were commonly reputed to be

[1]From notes made at the time by Professor Douglas Johnson.

in the pay of Italy and were constantly giving publicity to Italian claims, reporting demonstrations in Italy and in Fiume; and there presently began to be a stream of distinguished visitors from Italy who sought out the American experts or came to the American Press Bureau to urge their case. They had elaborate and cleverly deceptive maps to show their claims and many pamphlets and publications. They gave the best dinners in Paris. In short, they were preparing the way for the struggle they saw just ahead.

The first real clashes were tactical, and like so many other important problems were precipitated during the President's absence. The more one studies the Peace Conference the more calamitous, so far as the fight for the New Order is concerned, appears the absence, during that crucial month, of President Wilson. Two problems of method arose in the very week that the President sailed away. The first was the struggle of Sonnino to prevent a complete settlement with Germany—under the proposed preliminary treaty—before the Italian question was considered. He felt that if peace were signed with Germany and the armies demobilized, they would stand a poor chance of realizing their hopes in the settlement with Austria. And here he won out: he got a promise that the Austrian and German settlements should go along together, but a promise that the Italians never quite trusted, for they raised the same question again and again.

The other problem was far more vital, for it concerned the procedure in dealing with the complicated claims of Italy. Boiled down to its essence it involved the question as to whether these claims should be settled by the old method of secret diplomacy—as Sonnino desired—or by new methods of impartial inquiry by experts.

Two days after the President left (February 17) Pashich, the Serbian Premier, plumped the whole problem before the Council of Ten by proposing to submit all claims conflicting with Italy openly to the arbitration of President Wilson—which meant, in effect, to the judgment of the American experts. Here was the New with a vengeance! Sonnino turned down the idea flatly at once. He then went further and refused all discussion whatsoever with the Jugoslavs. Nevertheless, it was decided by the Ten to hear the Jugoslavs, and they made a long and dull presentation of their claims (February 18) through which Sonnino sat like a graven image.

What should be done next?

President Wilson had already set up a precedent when he had secured (February 1) the reference of the Rumanian claims to a commission of experts in the teeth of fierce objections from the Italians, who perceived that such a precedent might later affect their own interests. This was Wilson's programme—settlements on the open, impartial adjudication of scholars—but he was not there himself to press it. Balfour indeed asked "what should now be done?" and hesitatingly suggested a commission. Sonnino at once pounced upon the proposal.

> He wished to be quite frank. Italy could not take part in any Commission . . . or allow any Committee to make recommendations regarding questions outstanding between Italy and the Jugo-Slavs.[1]

With no one there to champion the President's idea—for House and Lansing took no vital part—and with the French none too keen to establish a practice of reference to expert commissions, for they, too, had issues which they did not care to have judged upon a calm basis of facts—

[1]Secret Minutes, Council of Ten, February 18.

Sonnino was able to prevent the reference of Italian claims to a commission, but, significantly, did not oppose the idea of having a commission set up to study Jugoslav claims, except where they conflicted with Italian claims. By this clever move Sonnino kept Italian claims for consideration wholly in secret councils by methods of the old diplomacy while Jugoslav claims would be presented openly in a commission! This was truly the "fine Italian hand"!

But Sonnino, like every reactionary, underestimated, because he despised, the New. He underestimated, for example, not only the sincerity and seriousness of purpose, but the determination, of the American experts; he underestimated the grip which the new idea, however "impractical" and "idealistic" he might think it, had already secured in the world. I have spoken in a former chapter of how the old diplomatic machine went on working its intrigues in central Europe no matter what Clemenceau did at Paris: well, the new diplomatic machine, the scholars and experts that both America and Great Britain had brought to Paris, were also on the ground and at work, even though Wilson was away. And that element will never again be absent from diplomacy! Notwithstanding all his cleverness, Sonnino's willingness to have even part of the Jugoslav claims submitted to the experts in reality helped to build up the forces against him. If the Italians had been as wise as the Japanese they would have held off entirely from any traffic with these men of knowledge. But they not only failed to do this, but recognizing the influence that the American experts would have upon President Wilson's attitude in the secret councils, they began a clever effort, by propaganda, argument, flattery, to influence or divide the American experts. They endeavoured thus, with over-

reaching cleverness, to play both games—and succeeded in neither.

So matters rubbed along until the President's return on March 15. But such questions, in the overcharged atmosphere of Paris, with the wildest claims and counter-claims going about, inevitably grew more difficult with delay. Friction began to grow up between historically jealous France and Italy, the Italians charging the French with opposing their claims; there were even anti-French demonstrations in Italian cities. Public opinion in Italy, over-stimulated in its expectations by the demands of the leaders at Paris, became more and more unreasonable.

Wilson had scarcely returned to Paris when Orlando came to see him—with two interviews on the first day—setting forth Italy's claims, urging instant discussion by the heads of States, and demanding that the Jugoslavs be excluded from that discussion. Here, again, was the full programme of the old diplomacy! But Wilson was not to be taken by storm. He told Orlando he must consult his experts.

But upon turning to his advisers the President was astonished to find them divided into two camps—with two quite different programmes.

American experts had long been working on these problems; even before the war closed Colonel House's inquiry had studied them and President Wilson had based his ninth point of the Fourteen upon their reports.[1] They were working on the questions involved early in January. Professor Douglas Johnson had made a special study of the problem, in part while he was in Italy in 1918. On January 21 the experts presented what was to become the basic American report regarding Italian claims.[2]

[1]See Volume III, Document 2.

[2]See Volume III, Document 31, for text.

This did not follow strictly the line of the London treaty, nor did it strictly observe the principle of Wilson's Point Nine, "a readjustment . . . along clearly recognized lines of nationality." The experts had taken into consideration all the important elements, strategic and political as well as ethnographic, and after much spirited argument, had arrived at what they considered a just and fair division of territory between the Italians and Jugoslavs. They did not, of course, give Fiume to the Italians, for they believed justice demanded that the Jugoslavs have an outlet of their own on the Adriatic. Wilson had practically adopted this report, and its determinations became known as the "American line" or the "Wilson line." (See map, p. 132.)

While this report was not discussed in the councils at the time, the opinion of these American experts was undoubtedly well known to the Italians, who, of course, were wholly unwilling to accept any such decision, particularly regarding Fiume. Accordingly, they energetically began to try to influence the American experts to change their conclusions. They also approached certain other members of the American delegation who were not charged with handling Italian frontier questions. These men, who were acting with the approval of Dr. Mezes, Director of Technical Experts, and undoubtedly also with that of Colonel House the conciliator, evidently saw here an opportunity to make a contribution to the settlement of these enormously difficult problems. They, therefore, met with the Italians and finally agreed on proposals, which were submitted to the President, favouring far-reaching concessions to Italy regarding Fiume and Dalmatia. This, a little later, was commented upon in the Italian press as a division of opinion among the President's advisers, and it was clearly affirmed that

the Italian delegates based great hopes upon this division.

In order to make clear to the President that there was no difference of opinion among the experts specially charged with studying the Adriatic problem from different points of view, these experts—W. E. Lunt, Chief of the Italian Division; Charles Seymour, Chief of the Austro-Hungarian Division; Clive Day, Chief of the Balkan Division; and Douglas Johnson, Chief of the Division of Boundary Geography (and specialist on the Adriatic problem)—sent in a memorandum (March 18) reaffirming their former recommendations (of January 21):

> Every memorandum hitherto submitted . . . about which any of the heads of the above named divisions have been consulted, recommends that Fiume and all of Dalmatia should go to the Jugo-Slavs. We are still unanimously of that opinion.[1]

The President was thus confronted with two sets of advice by his own delegation, to say nothing of a wild confusion of claims by the Italians and Jugoslavs. Although he was now under the fearful pressure of the discussions of the Dark Period, which finally broke him down, he felt it necessary to make a thorough examination of all the facts himself. Few Americans have any realization of the effort—the stupendous effort—the President made at Paris, not only to understand these complicated problems, but to get out of them decisions that would be just. He had absolutely no selfish interest to serve: all he wanted was a decision that would be so correct, so rightly based, that it could not cause future wars. He therefore began a careful study of the maps and reports. He summoned the group of geographical

[1]See Volume III, Document 32, for text.

and economic experts; a series of large relief models, showing in great detail not only the complicated and mountainous Trentino and Brenner Pass regions but the entire Adriatic coast, was brought to his study. He worked diligently with the experts over these models chalking all the possible frontiers upon them, showing the relationships of Fiume to the Slavic hinterland. Each model had accompanying it a map carrying detailed statistics as to racial, historic, economic, and other aspects of the problem. Already the President had, unfortunately, promised the Brenner Pass boundary to Orlando, which gave to Italy some 150,000 Tyrolese Germans—an action which he subsequently regarded as a great mistake and deeply regretted. It had been done before he had made the careful study of the subject he was now engaged upon and was due to Orlando's pleading for a strategic frontier. Perhaps he also thought that a concession in the Alps might mitigate Italian claims in the Adriatic; but the Italians wanted both!

As a result of his careful studies the President said to his Adriatic experts:

"I am ready to fight for the line you gentlemen have given me, with one possible exception: It may seem best to make Fiume an independent port."[1]

This foreshadowed the lines of the decision he announced later and to which he held, with slight modifications, to the end. It will be seen upon what a thorough examination, both by the experts and by the President himself, it was based.

But this moderating solution regarding Fiume, which was probably suggested by Colonel House, who was all for conciliating the Italians and who was in close touch with those experts on other problems who favoured con-

[1]From notes made at the time by Professor Douglas Johnson.

AMERICAN COMMISSION TO NEGOTIATE PEACE

April 4, 1919

From: Chiefs of the Italian Division, the Balkan Division, the Austro-Hungarian Division, the Division of Boundary Geography, and the Division of Economics.

To: President Wilson.

Subject: Disposition of Fiume.

W R Keast
Chief of the Italian Division.

Clive Day
Chief of the Balkan Division.

Charles Seymour
Chief of the Austro-Hungarian Division.

Douglas Johnson
Chief of the Division of Boundary Geography

Allyn A Young
Chief of the Division of Economics.

Facsimile of heading and signatures of memorandum of April 4 from the territorial experts regarding the disposition of Fiume

cessions to Italy, was considered dangerous by the four chiefs who had signed the memorandum of March 18. On April 4, therefore, this group, with the addition of the Chief of the Division of Economics, Allyn A. Young, prepared a new memorandum asserting that "it is unwise to make Fiume a free city," for various economic and legal reasons, but urging that if such a decision were to

IL PRESIDENTE
DEL
CONSIGLIO DEI MINISTRI

Paris, April 3rd , 1919.

Mr.President,

The quite unexpected way in which the Italian questions came up for discussion to-day, made it impossible to examine more thoroughly the many difficult points, including even questions of procedure, which present themselves.

I had not been able to come to an understanding with my colleagues on the Delegation, nor had my colleague, the Minister of Foreign Affairs, Baron Sonnino, come to the meeting, as it had been agreed that he would do, and as was done in the case of Mr.Tardieu when the problem of the French frontiers was under consideration.

As for the very delicate matter of giving a further hearing to the representatives of the Slovenes and Croats, - against whom Italy has been at war for four years, - I would not insist against it, just as I would not exclude the advisability of giving a hearing to the representatives of any other enemy people on whom it is a question of imposing conditions. But, on the other hand, as no such debate has yet been granted, I insist in thinking it advisable to abstain from taking part in a meeting which, as things stand, must necessarily give rise to debate.

Letter of Orlando to President Wilson, April 3,

I realize, with keen regret, that my absence may give rise to an impression, which I should be the first to wish to avoid, that a misunderstanding has arisen between the Italian Government and the Allied and Associated Governments. I think however that such an impression will not be given as the meeting this afternoon is not the meeting of the representatives of the four Powers, but a conversation between the President of the United States and the Prime Ministers of Great Britain and France with those Gentlemen.

I earnestly hope, Mr. President, that in this way the reason for my absence will be seen in its true light, i. e. not as an evidence of disagreement, but as an act of consideration towards colleagues, whose wish it is to obtain all the data available in order to form their own opinion on the grave matters under consideration.

Believe me,

Mr. President,

Sincerely yours

V. E. Orlando

protesting against giving a hearing to the Jugoslavs

be made, the amplest economic rights should be assured to the Jugoslavs.[1]

While this difference of counsel was developing in the American delegation, the Italians were unceasingly plying their arguments on every hand and pressing for immediate consideration of their case. Although the Council of Four was then preoccupied with the titanic struggle of Wilson and Clemenceau over the French claims, it suddenly turned aside, on April 3—the day the President fell ill—to an examination of the Adriatic problem. Orlando, after all his importunities, was caught unawares, fumbled his opportunity, and then was thunderstruck to learn that his colleagues proposed admitting the Croat, Trumbich, to present the other side of the case. He withdrew in a huff, explaining his refusal to be present at the hearing in a letter to President Wilson, in which he maintained that the Slovenes and Croats had no more right to debate their case with the Council than had "any other enemy people."[2] This passage at arms of April 3 brought the Council no nearer a decision: in fact, it proved the final strain which sent the President to his bed. After his recovery, the last desperate grapple with the French occupied all his strength and attention.

The Italians pushed their intrigues tirelessly throughout the interval. This is the period of their most marked coöperation with the Americans on the territorial commissions. They knew full well that everything depended on moving President Wilson and spared no possible effort to do so. No one connected with the American delegation was safe from their importunities. They fairly besieged our Press Bureau, feeling that its chief was close to Wilson and eager to get their case pre-

[1]See Volume III, Document 33, for text.

[2]See pp. 148-49 for text of this letter.

sented their way in the American newspapers. It was understood that they had purchased outright the support of certain French newspapers. They displayed endless variety in their manœuvres. They began now to talk of going home and breaking up the Conference, although they blenched whenever confronted with the economic consequences of a real breach with the United States, from which they expected new loans.

It is unquestionable that the attitude of Colonel House in dividing the expert counsel of the Commission and in favouring concessions to Italy, although he constantly urged that it was necessary to do so to "save the League," widened the breach that already existed between him and President Wilson.

The climax came on April 13, when the decision was reached to invite the Germans to Versailles. To this Orlando bitterly objected. He saw that Wilson was now coming to an agreement with the French, that the German treaty would soon be completed, and that there would remain no possibilities for bargaining, no controversies in which Italy might trade her support to one side or the other. Orlando wrote a letter to President Wilson that morning declaring that "the impression that the peace conditions for France are now settled, while those of Italy are still hanging in the balance, has led to the most acute nervous tension." He refused, therefore, to join in inviting the Germans until Italian matters were considered.

Accordingly, the next day (April 14) Orlando and Wilson had a long conversation, the basis of which was an important memorandum written by the President which set forth the decision he had arrived at as a result of his discussions with the experts.[1] He asserted unequivo-

[1]See Volume III, Document 35, for text.

cally his intention to stand on the Fourteen Points as the principles of the Austrian peace. He stood also by the line running down through Istria, recommended by the Adriatic experts in January, as the extreme eastward limit of Italian expansion. As for Fiume, he proposed that as an international port "it should enjoy a very considerable degree of genuine autonomy." This concession was made against the advice of the five experts who signed the memorandum of April 4; but the President adhered to the conditions they had suggested for the event of this solution, of which the chief was that Fiume "should be included . . . within the customs system of the new Jugoslavic State."

As soon as he saw it, Orlando declared the memorandum a totally unacceptable basis of settlement, since it failed to give Italy Dalmatia, the islands, and part of Istria, besides providing an inadequate degree of liberty for Fiume. While the difference seemed even at that time irreconcilable, yet upon the President's promise to confer again with his experts and that the Italian question would also be pressed for decision by the Four, Orlando at last agreed to join in inviting the Germans.

Following this interview, the President, who was under great pressure in other affairs, apparently turned the matter over to Colonel House. The men House called on were among those who were sympathetic toward Italy's claims; and the various projects developed were all concessions of varying form and extent. The territorial experts dealing more directly with Adriatic problems were only called upon for help in working out the details of these schemes. What appeared to be taking shape out of the muddle was a project for putting Fiume under Italian sovereignty, but administration by a commission of the League, and Dalmatia under a similar administra-

tion, with a plebiscite after ten years. Colonel House was strongly urging further compromises to "save the League."

In order to clarify the situation the experts especially charged with Adriatic problems, joined by Dr. Isaiah Bowman, chief Territorial Specialist, addressed a new statement to the President. This letter (of April 17) was based on the fundamental principles of the peace, recalling to Wilson his own words used on the first voyage to France: "Tell me what's right and I'll fight for it." Once more the signers proceeded to tell him what was right, at least so far as Fiume was concerned. They asserted:

> "In our opinion there is no way—no political or economic device, of a free port or otherwise—which can repair to Jugo-Slavia the injury done if any outside Power prevents Fiume from being made an integral part of the Jugo-Slav organization." They added: "If Italy gets even nominal sovereignty over Fiume as the price of supporting the League of Nations, she has brought the League down to her level. It becomes a coalition to maintain an unjust settlement."[1]

General Bliss was delighted at the action of the six experts, and rallied White and Lansing to join him in a similar memorial. Colonel House made some last efforts in behalf of his compromise projects; but the other three Commissioners appear to have signed the memorial without him and sent it on to the President. The President was profoundly moved by the experts' letter, and replied as follows:

18 April, 1919.

My dear Dr. Bowman:

I have received and read with the deepest feeling the letter which you, Mr. Johnson, Mr. Lunt, Mr. Seymour, Mr. Day, and Mr.

[1]See Volume III, Document 36.

Young addressed to me under date of yesterday about the Italian claims on the Adriatic. I need not tell you that my own instinct responds to it, and I am deeply obliged to you all six for your reinforcement of judgment in a matter which, like yourselves, I regard as of the most critical importance.

Cordially and sincerely yours,

[*Signed*] WOODROW WILSON.

Dr. Isaiah Bowman,
Hotel Crillon, Paris.

On the same day the President held a conference with the other American peace Commissioners, and the compromise drafts were thrown overboard. The President had decided to stand by his memorandum of April 14, and told his associates that the Italians "could not have Fiume with his consent and that he would not recognize the Treaty of London."

This ended the struggle of the advisers; and the President thenceforth consulted at each step in the negotiations his special Adriatic experts. The next period—the struggle in the secret councils of the Four—was at hand.

CHAPTER XXXII

Italian Crisis—Attempt to Settle by the Secret Discussion of the Four—Wilson's Famous Appeal to the People

SECOND PERIOD: FOUR STORMY DAYS' DISCUSSION BY THE FOUR

WE COME now to the Second Period of the Italian Crisis. President Wilson had taken his position, after prolonged discussions with his experts, squarely upon his memorandum of April 14, already referred to. He had made a thorough study of the situation and felt sure of his ground.

"There is no question," he had said, "to which I have given more careful or anxious thought than I have given to this, because . . . it is my earnest desire to see the utmost justice done to Italy."

Standing upon the determination "to square every conclusion . . . as accurately as possible with the fourteen principles of peace," he had reaffirmed the "American" line through Istria and declared that "there would be no justification in my judgment in including Fiume or any part of the coast lying to the south of Fiume within the boundaries of the Italian kingdom."

He proposed to make Fiume an international port; and he did not recognize the secret Treaty of London.

Orlando had promptly and absolutely refused to accept these proposals of the President, and the issue thus joined was precipitated in the secret councils of the Four on

April 19, where a concentrated effort lasting for four stormy days was made to settle it by adjustment and agreement among the heads of States—the traditional method of diplomacy.

The French crisis had been met in the dark, but now that the Three—Wilson, Lloyd George, and Clemenceau—had turned, with some degree of unity, to the Italian (and Japanese) settlements it was felt advisable to recognize the Council of the Heads of States as the regularly functioning organization of the Peace Conference, and to keep full minutes of the proceedings. Thus the formal record of the Four begins with the Italian discussions on April 19, and we have a remarkably complete account of every crook and turn of these controversies.

This important session of the Four was held, as usual, at President Wilson's house in the Place des États-Unis—in the quiet, book-lined study there. Only eight men were present: President Wilson alone for America; Mr. Lloyd George with Sir Maurice Hankey, the secretary of the Four, for Great Britain; M. Clemenceau with Professor P. J. Mantoux, the interpreter, for France; and Signor Orlando, Baron Sonnino, and Count Aldrovandi (Sonnino's *chef du cabinet*) for Italy.

According to the previous agreement, Orlando began at once his presentation of the "whole question of the Italian claims." He spoke fluently, for he is a talented orator, and was rapidly interpreted into English; for all the others there, except himself, understood English. His speech was marked by the strange confusion of contradictory argument which throughout the Conference so weakened the Italian cause. He had three chief contentions: the line in Istria, Fiume, Dalmatia; and it is amazing, in studying his speech, to see how the reasoning he applied in one case paralyzed the reasoning he applied in

S E C R E T.

C.F. S.

NOTES OF A MEETING held at President Wilson's House in the Place des Etats-Unis, Paris, on Saturday, May 10th, 1919, at 11 a.m.

P R E S E N T.

UNITED STATES OF AMERICA.	BRITISH EMPIRE.
President Wilson.	The Rt. Hon. D. Lloyd George, M.P.
FRANCE.	ITALY.
M. Clemenceau.	N. Orlando.

Sir Maurice Hankey, K.C.B.)
Count Aldrovandi.) Secretaries.

Professor P. J. Mantoux. Interpreter.

(Marshal Foch and General Weygand were introduced.)

Action in the event of the Germans refusing to sign.

1. M. CLEMENCEAU explained to Marshal Foch that the Council had under consideration the possibility, though not probability, that Germany might refuse to sign the Terms of Peace. They wanted Marshal Foch's views as to the means available and the action to be taken in such an eventuality.

MARSHAL FOCH said that on April 24th last, he had held a meeting with the Commanders-in-Chief of the Belgian, British, French and United States Armies and they had made a sum of their total forces. It had been established that, for the whole of the month of May, at least 40 divisions with 5 cavalry divisions would be available to operate on the front of the Rhine. He required 8 days' warning to put them in

a

Sample page of the minutes of the Council of Four

the others. In his contention for the Italian line in Istria, for example, he demanded what he called the "natural frontier," admitting that it was more or less at variance with the linguistic frontier, but asserting that other settlements like those in Poland and Czechoslovakia had not been made on strict ethnographic principles; and then turning to Fiume he quite shamelessly reversed the argument and announced that here "Italy appealed to the principle of self-determination of the people." At one moment he appeared to invoke the very spirit of the Fourteen Points (when it made a case for him)—and at the next he rejected the entire programme of Wilson.

Reaching the third claim, to Dalmatia, he switched his ground again saying that "Italy's claims here were of a strategic order." Then he wound up by appealing to the secret Treaty of London which he had said at first he would refrain from considering because "one power represented there to-day, the United States of America," was not bound by it. His previous demands had exceeded the terms of this treaty, which he now invoked, at almost every point. Never was there a more glaring illustration of the impossibility of reasonable and just settlements where no broad general principles are admitted, where the only basis is national interest.

President Wilson assumed the chief rôle in answering Orlando, for it was well understood that he was the only real obstacle to the realization of the Italian demands. His speech was a powerful, logical, and, indeed, impassioned appeal to the Italians to accept the New Order of mutual understandings as the basis of the peace rather than the Old Order with its strategic frontiers and its sanctions of brute force.

> We were now engaged [he said] in setting up an international association and Italy would have a part of the leadership therein. If

this did not suffice, then two orders would exist—the old and the new. In the right hand would be the new order and in the left hand the old order. We could not drive two horses at once. The people of the United States would repudiate it. They were disgusted with the old order . . . The people of the whole world were tired of the old system and they would not put up with Governments that supported it.

He expressed his powerful conviction, not only that the future peace and prosperity of the world depended upon accepting the new basis, but that he was truly serving the highest interests of Italy when he insisted upon settlements which, because they were reasonable and just, made friends rather than enemies of the new nations to the east. He was sure that no permanent good could come of a settlement that left the Jugoslavs, the Hungarians, the Austrians, and other peoples whose future depended upon the proper control of the Adriatic, with a rankling sense of injustice.

He was prepared [he said] to leave it to history to judge whether he or they [Orlando and Sonnino] were serving Italian interests best.

He approached the Italian problems no doubt with all the more passion and determination because in the French crisis just passed he had had to make painful concessions in order to keep the Allies together, preserve world order, and arrive at any peace at all. There had been reasons for these concessions, indeed, that did not exist in the case of Italy. He himself regarded them as only temporary safeguards to assure France against a still powerful Germany until the League of Nations could be organized and become the guarantor of national safety. But the Italian settlements concerned chiefly new states friendly to the Allies, one of them, Serbia, having fought valiantly for the allied cause, and all being represented in the Peace Conference.

M. Orlando [argued the President] would remember that at the time we were trying to detach the Jugo-Slavs from Austria we spoke of them as friends. We could not now speak of them as enemies. By separating from Austria-Hungary they had become connected with the new and disconnected from the old policy and order.

He devoted little time to the involved geographic, historic, and ethnographic argument by which Orlando had sought to cloak the naked materialism of his claims, stopping only to point out that the facts even here in reality turned against the Italians, but endeavoured to lift the whole discussion to the higher ground of general principles and far-sighted and generous policies.[1]

But he spoke to deaf ears, to minds that could not understand. And there are plain evidences in the discussion that followed that the President's concessions to France now weakened him in his contest with the Italians. For if he had made adjustments (however temporary) with the French, they argued, why not with them? Sonnino sat darkly through the discussion, the very personification of weary skepticism and pessimism. He knew his world—to the last minim of its envy and greed and selfishness. He knew bitterly how, for centuries, Italy had been used, deceived, played with, by stronger powers. He had no faith in any such appeal as Wilson's—he had no faith at all—he was sure of only what Italy could get its hands upon at the moment and hold by hook or crook. And when it came his turn to speak, he made no pretense of concealing his views: he was honest, at least! He sneered openly at Wilson's New Order. He affirmed that Italy was in real danger from her neighbours, and maintained that, at the best, "the League of Nations might be compared to any civilized community which possessed a police force, but in every town people

[1]Speech in Secret Minutes, Council of Four, April 19.

had to shut their door at nights." He adroitly made the same argument regarding the League that France had made. It was a "new institution . . . how could it be relied upon until it was fully established?" And finally he set forth cynically the basis of Italian policy:

"After a successful war, in which Italy had lost 500,000 killed and some 900,000 badly wounded, to revert to a worse situation—for Austria had offered Italy the Adige and the islands—would not be explainable to the Italian people. They would not understand why Italy had entered the war." The plain inference from this, of course, is that Italy entered the war merely because she hoped for more loot than she could get by staying out!

There was simply no common ground of discussion between Wilson and Sonnino. The debate might as well have stopped right there; for no agreement was possible until one party or the other should abandon the essential basis of his position.

But here again, as in the French crisis, arose the intensely practical and immediate problem of maintaining world order, of somehow preserving allied unity, and getting a peace. In the French crisis Wilson had committed himself to the vital policy that peace must be made on the basis of coöperation of the powers leading to a league of nations. He attached, it is true, much more importance to agreement with Great Britain and France than to that with Italy, for even if Italy were to withdraw, it would probably not break up the Conference—and yet he wanted to keep Italy in and maintain unity. He wanted, above all, to have Italy work with the other nations in the League.

The issue between Wilson and the Italians was thus a clear issue between the New and the Old; and there was no common ground. Up to a certain point Wilson could

count upon the support of Clemenceau and Lloyd George —as the Italians well knew—because they also opposed Italy, not at all for Wilson's reasons, but for traditional interests based upon the concepts of the Old Order. Italy's designs were opposed by France, as in the past, to restrain her naval and commercial rivalry in the Mediterranean. On the other hand, the traditional policy of Great Britain, real mistress of that sea since the early eighteenth century, was to play off Italy and France against each other and keep both of them as weak as possible in the Mediterranean. It is one essential characteristic of the Old Order that its concepts, instead of uniting its devotees, turn them against each other. And yet, by a cynical turn of fate, Great Britain and France were now yoked in a secret agreement to increase Italian power in the Mediterranean!

If only they could have seen in this and in other settlements that their only way out of this hopeless tangle of greed, ambition, fear—their traditional European hobbles —was to rise above them to the clear ground of the principles of the New Order, so strongly urged by Wilson! But they could not. If only they had stood by the principles accepted at the Armistice! But they did not.

Thus when Clemenceau and Lloyd George stepped into the breach between Wilson and the Italians, seeking to find methods of compromise, they muddied the waters instead of clearing them. They endeavoured to reconcile irreconcilables when they themselves had utterly no common basis of principle.

Thus Clemenceau expressed sympathy with the aims of the President (when he had no real sympathy) but declared:

"It was not possible to change the whole policy of the world at one stroke." On the other hand, he reproved

the Italians for asking more than they had been promised in the Treaty of London. He pointed out to them the serious consequences of a real break and said, "He hoped they would make one last effort to come to an agreement." Lloyd George supported the plea, coming out more strongly for the Treaty of London than Clemenceau had ventured to do. "He wished to say that Great Britain stood by the Treaty, but that she stood by the whole of the Treaty"—meaning particularly the clause assigning Fiume to Croatia.

This was a position satisfactory to none of the contesting parties. Orlando stated that he would take it into consideration only "if what Mr. Lloyd George said meant that the Conference would take its decision on the basis of the Treaty of London, leaving Fiume to be settled as the Conference thought fit." Wilson, on the other hand, flatly declined any arrangement which "would be to adopt as a basis a secret treaty."

The first day's discussion thus closed with a triple deadlock.

In succeeding conferences the issues were so confused that no one quite knew where he stood. On April 20 Orlando, evidently trying to get back upon some firm ground, even if it was that of the secret treaty, the terms of which he considered insufficient, read a statement ending:

> I declare . . . formally that, in the event of the Peace Conference guaranteeing to Italy all the rights which the Treaty of London has assured to her, I shall not be obliged to break the Alliance, and I would abstain from every act or deed which could have this signification.

This statement seemed to line him up with Lloyd George and Clemenceau, and implied that he would not

ask them to break over their bond in respect of Fiume. If the Italians had adhered rigidly to such a position (as the Japanese did later) they would have come near to isolating Wilson, but they seemed incapable of maintaining any steady position whatsoever. Certain remarks by Sonnino at the close of that very meeting implied that there was little sincerity back of the gesture. The game seems to have been to play both ends against the middle—to keep the Treaty of London between Wilson and his two other colleagues, and yet actually to depend on Wilson to prevent a settlement in accordance with it, depriving them of Fiume. The President rose to the occasion, pleading once more the principles of the peace and declining to have any traffic with the secret treaty. And yet, although he refused to be bound by it, there it was, an old promise made to get Italy into the war; and Great Britain and France, notwithstanding their acceptance of Wilson's principles as the basis of the peace, still adhered to it. Lloyd George repeatedly asserted that Italy had paid the price of what was promised her in the Treaty of London and that she was entitled, at the least, to considerably more than she could have got by remaining neutral. This was frank loyalty to the most sordid principles of the old diplomacy. It was "honour among thieves."

Wilson was not unwilling to make certain minor concessions to secure an agreement: for example, he offered to give way to Italy on the single island of Lissa and even suggested that all the territory covered by the Treaty of London might be ceded to the Allied and Associated Powers for later disposal, but on points that the Italians regarded as vital—like that of Fiume—he would make no compromise whatever. Indeed, he had now nearly reached the point of giving up hope of any settle-



Photograph from Colonel Charles Wellington Furlong

Caricature of President Wilson in a German helmet pasted by Italians on the walls of Fiume

ment with Orlando and Sonnino and had begun to consider cutting through the endless tangle of controversy by a bold appeal to the people of the world. It was a method he had always considered a final resort; for he had an inextinguishable faith that the people, if appealed to, would support his view of the rightness of the programme proposed.

Clemenceau and Lloyd George anxiously restrained him from his project of a public statement, and eagerly sought new compromises with the Italians. But this renewed effort seemed only to convince the Italians that Wilson was on the point of giving in, and instead of moderating their demands, they actually made them more insistent. Even Lloyd George pronounced Orlando's memorandum of April 22, in which he demanded the sovereignty over Fiume and a mandate for Zara and Sebenico, as too excessive to serve as a basis of negotiation, and the Three now turned seriously to a discussion of Wilson's proposal for a public statement of his position.

In the meantime the Italians had been redoubling their efforts outside the Conference. They were openly threatening to leave Paris; and Wilson was being bitterly attacked in Italy, and by French papers which were supporting the Italian claims. Never was there such utter confusion. No one knew what the situation really was, and Wilson, above all, was being misrepresented.

On April 23, the President at last burst through the wire entanglements which enveloped the Italian settlements and issued his epoch-making statement to the people of the world. It was like a flash of lightning clearing up the darkness of the world; and the thunder clap that followed was terrific. It sent Orlando flying for Italy.

THIRD PERIOD: THE EXPLOSION FOLLOWING WILSON'S APPEAL TO THE PEOPLE

As a matter of fact, not only Wilson but Lloyd George and Clemenceau were also considering some form of ultimatum. On the morning of April 23, when Wilson again read his public statement to Lloyd George and Clemenceau and "said it was his intention to publish his memorandum . . . this evening," the others not only made no objections, as the record shows, but implied that they approved the step. It was indeed Wilson's clear understanding (as he said at the time to the writer) that he had this approval. More than this, Lloyd George now produced another memorandum, drafted by the adroit Mr. Balfour, explaining the attitude of Great Britain and France.[1] This document was read, and discussed and corrected by the Three. It was not finally approved by Clemenceau and there was no talk of making it public, as Wilson was doing with his, but merely of forwarding it to the Italian delegation. Wilson said later, however, that there was an understanding that some sort of explanation—he evidently thought it would be this Balfour memorandum—would be published by the other two on the day following his.[2] But the storm broke, and the other two lay low—with consequences that were far-reaching and added greatly to the President's difficulties, for he was left alone to bear the whole brunt of the tempest.

The President's famous public statement had been most carefully prepared—written out on his own typewriter. On the afternoon of April 23, Admiral Grayson brought it by hand to the Press Bureau and told me that

[1]See Volume III, Document 37, for text of this memorandum.

[2]Secret Minutes, Council of Four, May 2.

the President wished it given the widest possible publicity. We put it out at once; but with the exception of a hasty late publication in a special edition of the *Temps* on April 23, it did not appear anywhere until April 24.

This statement, which was about 1,200 words in length, set forth with great clarity the President's position. He said that while Italy had entered the war on "a definite but private understanding . . . now known as the Pact of London," the whole circumstances had now changed. The old enemy, Austria-Hungary, had broken up and the several parts of it were to be erected as separate states and all associated in a league of nations. "We are to establish their liberty as well as our own." He then cited the fact that the nations had adopted "certain clearly defined principles" at the Armistice upon which "the whole structure of peace must rest." On the basis of those principles "Fiume must serve as the outlet and inlet of the commerce, not of Italy, but of . . . Hungary, Bohemia, Roumania, and the states of the new Jugo-Slavic group."

He then set forth what great accessions of territory, what added security of boundary, Italy was acquiring. "Her ancient unity is restored. Her lines are extended to the great walls which are her natural defense. It is within her choice to be surrounded by friends; to exhibit to the newly liberated peoples across the Adriatic that noblest quality of greatness, magnanimity, friendly generosity, the preference of justice over interests." He closed with a strong appeal to Italy and to the friendship of America and Italy.[1]

The memorandum contained nothing that the President had not been long struggling for in the Councils; but the sensation caused by its publication was tremendous.

[1]See Volume III, Document 39, for full text.

The Old Order gasped, while a shiver of reviving hope swept through the drooping ranks of the supporters of the New. The fight was now to be in the open; it was to be a death grapple between the two opposing principles. The London *Daily News*, expressing English liberal opinion, said:

> What is clear now is that two antagonistic principles, which have been more or less veiled, have been in conflict throughout the Conference, and have now met in a death grapple. One or the other must yield. . . . If Wilson's principles prevail, all such claims as Italy is now advancing must be abandoned permanently.

On the other hand, every organ of the Old broke into furious attacks upon the President. The Italians declared loudly that Wilson was not playing the game, that he was going over the heads of the authorized representatives of the Italian nation in a demagogic appeal subversive of all principles of organized government. Certain newspapers of Paris, largely in their pay, reëchoed these protests.

Well, Wilson had gone to the people. He was using another great weapon of the New: the appeal to public opinion which, indeed, in the end, is the only safe refuge of the programme he sponsored. But here again, as in that other device he had sought to use—the impartial adjudication of experts—he was balked at every turn. In the first place, the public opinion that he was appealing to was still inflamed and obsessed by the fears and hatreds of the war. The "slump in idealism" was not only a slump of the leaders but to a large extent also a slump of the people. In the second place, his ideas and principles, though familiar enough in America, were so far removed from the traditional thought of Europe on international affairs as to seem bizarre and impractical—except to the

relatively small groups of the radicals and liberals, who were themselves, at the time, by compulsion almost inarticulate. In the third place, his only access to the people on the Continent was through newspapers largely controlled or else subsidized by the governments. His appeal indeed was published, but immediately smudged over with an immense outpouring of denial, misrepresentation, specious argument, outright attack.

Moreover, he had no support at Paris. Lloyd George and Clemenceau not only failed to put out the Balfour memorandum, or something like it, as he understood that they would do, but it was freely reported that they disapproved of Wilson's action (which they did not publicly deny) and this led to great talk—most comforting to the Italians—that there was a serious break in the Council itself. It was even said in the Italian press, referring to the division among the American experts, that the President's own delegation was not backing him. All of these things not only weakened the appeal to the people but emphasized the utter aloneness of the President in his appeal to the world for higher, better, truer principles of international relationship.

Another element entered into the failure of the President's appeal. This was the strange diplomacy of Mr. Lloyd George, as the secret records now disclose it. If Lloyd George had contented himself with merely lying low until the storm was over, Wilson's public appeal, even though it did not have the expected influence upon public opinion, might have had a powerful result in shaking the decisions of Orlando and Sonnino by convincing them that Wilson meant exactly what he said—as he most certainly did, for he stood by it to the bitter end.

But Lloyd George went on dickering with the Italians as though nothing had happened. The object of this is

hard to perceive, unless it was to give the impression that he was not associated with Wilson's action, but was consistently working for a deal satisfactory to the Italians. Perhaps it was only the not unusual manifestation of his buoyant temperament, which, unfettered by loyalty to any principles whatsoever, was ever eager for a new "deal" when the old one broke down.

It appears that after himself declaring Orlando's last proposal (April 22) "no basis of negotiation" Lloyd George had privately given the Italians to understand (we have here Sonnino's own account of it in a later meeting of the Council of Four) "that if Italy gave up Fiume, it would form a basis of acceptance [of the other proposals] in a general way."

This was, of course, a totally misleading impression given without Wilson's knowledge or consent. It hampered the effectiveness of the President's memorandum upon the Italians and led to the charge that Wilson's action had wrecked a promising negotiation—a view of the case which certain American writers, not having had access to the minutes, have also maintained.[1]

What seemed to astonish the Italians (and indeed Lloyd George) was that Wilson actually and literally meant what he said. It was a kind of "shirt-sleeves" diplomacy that they could not understand. While the Italians had been vociferously threatening to go home, even to "break up the Conference," and while they—or part of them!—did finally leave in a fanfare of excitement, they never really intended, as the records show, to break off the negotiations. We find Orlando offering, in an interview with Lloyd George on the morning of April 24 (the day the President's appeal was generally published), to leave Sonnino in Paris or even to stay himself if he could

[1]David Hunter Miller in the *Atlantic Monthly*, August, 1921.

publicly announce that he did so at the request of the signatories of the Treaty of London. President Wilson, of course, refused to countenance this clever ruse for isolating him publicly but agreed upon an invitation from all the Three. Orlando refused this, but agreed to another meeting of the Four that afternoon.

It was a long, argumentative, and inconclusive meeting, this of the Four on April 24. All the weary round of argument was again gone over. It appeared that Sonnino and Orlando were not agreed as to the course Italy should take. The vivid imagination of Orlando, the politician, had eagerly seized upon this opportunity of meeting Wilson's appeal by a more grandiloquent one. He would take his whole delegation home, he would call Parliament in forty-eight hours and "establish his authority." He saw just ahead a great and dramatic speech, and a vast popular ovation. Sonnino, the cold diplomat, did not favour this method: he was for results, he was for going on with the deals with Lloyd George.

Two reactions followed, both of which were disconcerting to the Italians. To the evident astonishment of Orlando, Wilson actually seemed to approve his course, and wished to help him! He looked at it as part of the method of getting the whole subject frankly and honestly before the people. He then and there supplied Orlando with another statement, supplementary to the published one, to make his position still more clear. "He had never thought of his [public] statement," he said, "as going behind the back of Orlando and appealing to the Italian people": he had only meant to give them straight information as to the attitude of the United States. His idea was that Orlando should—that Orlando would!—frankly present all the facts to Parliament, irreconcilable as they appeared. He advised Orlando, in this conference

of the Four, to say simply that "Great Britain and France were bound by the pact, and the United States by principles," and should then ask, "Have I authority to go back and settle as best I can?"[1] The President's idea was that this would secure an honest public reaction in Italy and support Orlando as against Sonnino in coming at a fair settlement. But this was not at all Orlando's idea, as will be shown.

Not only did Wilson's attitude take the wind out of Orlando's sails but, to Orlando's evident surprise, only a half-hearted attempt was made by Lloyd George and Clemenceau to induce the Italians not to go. Lloyd George raised, indeed, a number of decidedly cooling considerations. The German treaty was shortly to be signed: were not the Italians to be there? Problems of great economic importance to Italy were under daily discussion: was Italy to have no representative at Paris? Here he was touching the Italians at a vital point. They wanted no economic break with the other powers, especially not with the United States, to which they had applied for new credits only ten days before and were just then awaiting a reply. Orlando here began to have doubts and said "he would leave [at Paris] M. Crespi, who could be consulted by the Allied experts on technical questions," and that he himself hoped to be back before the Treaty was presented to the Germans. Thus, however desperate the break might seem from the outside, those inside knew it for what it was—a great political gesture. It is true that it might, in such a time of wild confusion, have disastrous results, but it did not certainly mean an ultimatum.

Just as Orlando was leaving to catch his train—a great concourse of people had gathered to see him off in a blaze of glory—the masterly memorandum of Balfour, which

[1]Secret Minutes, Council of Four, April 24.

the Three had discussed the day before, and which represented the views of Great Britain and France, was handed to him. This must also have given Orlando a shock, for Lloyd George and Clemenceau here formally, in writing, declared that while they would stand by the Treaty of London, although against their better judgment, if Italy held them to it, they would not admit the Italian claim to Fiume. This put the essential problem—that of Fiume—just as Wilson said it should be put. He wanted the Balfour memorandum made public, but it was not then and has not been since, largely because Lloyd George, even while letting it go to the Italians, showed in the conversations that he did not really mean to stand by it, but, like Sonnino, intended to go on with deals and trades. The crucial paragraph of this memorandum is so important that it is here inserted:

> It is for Italy, and not for the other signatories of the Pact of London, to say whether she will gain more in power, wealth and honour by strictly adhering to that part of the Pact of London which is in her favour, than by accepting modifications in it which would bring it into closer harmony with the principles which are governing the territorial decisions of the Allies in other parts of Europe. But so far as Fiume is concerned the position is different. Here, as we have already pointed out, the Pact of 1915 is against the Italian contention; and so also, it seems to us, are justice and policy. After the most prolonged and anxious reflection, we cannot bring ourselves to believe that it is either in the interests of Jugo-Slavia, in the interests of Italy herself, or in the interests of future peace—which is the concern of all the world—that this port should be severed from the territories to which economically, geographically and ethnologically it naturally belongs.

So the Italians were gone. Everyone felt that a great crisis had come, that this time the struggle would be decisive and lead to a clear-cut victory for Wilson's prin-

ciples. Yet the crisis was much less acute than it appeared from the outside. Here again the Italians had failed in definiteness of decision. While the politicians had gone home, their economic representative remained sharply on the job. Crespi watched every real Italian interest like a hawk.

However, the situation, if not critical, was embarrassing. The decision in Italy was not being reached as promptly as Orlando had given cause to anticipate. The German treaty would soon be ready to present, and on May 1 the Austrians were summoned to Paris. It looked at one time as though the Italians would not get back in time to sign the German treaty, and various changes in the text were actually worked out by the Three to meet this condition.

Lloyd George and, to a lesser degree, Clemenceau were much more anxious regarding this defection than was Wilson. Wilson still had hope of some fruitful reaction from the public discussion he had precipitated—a hope, as we can see now, that never had any real basis. For Orlando, instead of trying to make the issues clear, was engaged in confusing and falsifying them. Instead of trying to get all the facts before his people, he was withholding the most important—as will be shown. In the first place, through government influence the publication of the President's statement was held back until a hostile reception in the press—including Orlando's reply—could be prepared.[1] The reply itself took an unfair tone. Its attempt to meet Wilson on his own ground, and to justify the Italian claims by the very principles he alleged against them, was perhaps to be expected; although it was hardly in accord with Orlando's repeated professions that these claims were based on popular misconceptions which he

[1]See Volume III, Document 39, for Orlando's reply.

was not averse to seeing corrected. All Wilson had sought was to get his point of view fairly and squarely before the Italian people; he expected counter arguments, but was confident in the weight of his own and his country's prestige and in the soundness of his position to overbear all attempts at refutation. What he did not count upon was misrepresentation of his acts and motives, poisoning all the ground upon which his good seed was sown.

Orlando's statements were mild in comparison with those that filled the Italian newspapers. The Government made no attempt to curb the hostility to Wilson with which they seethed; in fact, instead of trying to bring about a calm consideration of the state of affairs, such as would result in its being given a free hand for a reasonable settlement, it did all in its power to inflame popular passions—by mendacious speeches and arguments, by "staged" demonstrations—in a way calculated to result in a mandate to stand out for the most extreme demands. What the Italians hoped for, no doubt, was that, by delaying the game and playing up popular excitement, they could get their colleagues to entice them back by attractive concessions.

Lloyd George, indeed, was anxious to provide this very bait of concession, and began making insinuating observations in the Council on the justice of the Italian claims; but the President would not budge. These last days of April, after the departure of the Italians, were most trying and exhausting to the President. For no sooner had the Italian crisis reached its height than he had to meet the Japanese, with another entanglement of secret treaties, another division between himself and Clemenceau and Lloyd George, and another threat to break up the Conference. And the Japanese, unlike the

Italians, were one-price traders: they set forth their demands and stuck to them. At the same time it may also be said the Belgian settlements were in a critical state, with peremptory demands upon the Council.

It soon became clear what the Italian game really was. It was as ancient and shop-worn as any in the equipment of the old diplomacy. It was to win by dividing the opposition: by preventing a real accord between Wilson on the one hand and Lloyd George and Clemenceau on the other. They could have done it, probably, by standing on the Treaty of London—but they wanted Fiume. Fiume, therefore, became the test point.

And the crux of the situation was the important Balfour memorandum already referred to, which Orlando carried home to Italy. Wilson wished this published because it showed that upon the vital point of Fiume he and Lloyd George and Clemenceau were practically in agreement. But Orlando was for keeping it secret. This had two purposes: it prevented the Italian people from knowing how hopeless was their claim to Fiume, and by avoiding a public commitment of Lloyd George and Clemenceau to the declarations it contained it enabled the Italians still to bargain and trade, especially with the anxious Lloyd George. It will be seen how impossible, under such circumstances, it was for Wilson to realize in the least degree his project for a real enlightenment of public opinion.

A great deal thus hung upon the publication or suppression of the Lloyd George-Clemenceau memorandum. Publication meant the isolation of Italy; suppression meant the isolation of Wilson. Orlando dealt with the problem very summarily so far as Italy was concerned. After showing the memorandum to a parliamentary committee, who were almost bowled over by it, he simply

pocketed it—a course in which he was encouraged by the French Ambassador, and thus by keeping all knowledge of it from his own people, encouraged them to back him in his extreme demands. This action threw all responsibility for its further fate upon the signatories, who took up the question at a meeting with Wilson on May 2.

Clemenceau was all for publication of the document outright as the best way of putting an end to the attacks being made upon him in France by all the defenders of the Old Order; the President, of course, cordially concurred. He reminded his colleagues "that the original understanding was that some document was to be published by Mr. Lloyd George and M. Clemenceau on the morning following the publication of his own statement." But Lloyd George stalled and shuffled. A clear-cut definition of positions was just what he wanted to avoid. He wished to keep everything hazy in the hope that they could yet, as he put it, "patch up an arrangement with Italy." He felt more misgivings than Wilson about calling the Italians' bluff. "He was not sure," he said, "that publication would not make it impossible for the Italians to return."[1]

Here again if Lloyd George had stood by, supported openly and honestly the Balfour memorandum (which he had secretly agreed to) and thus enabled the Three Powers to present a united and solid front upon the Fiume settlement, the Italians would undoubtedly have had to yield. There was every reason for him to do this; it squared with the London treaty; it squared with the real desires of both England and France; but Lloyd George's fear of an irretrievable stand, his deep distrust of publicity, his dread lest all the bridges to a retreat and

[1]Secret Minutes, Council of Four, May 2.

Wilson's declaration had been inspired by M. Clemenceau. He was informed that the French Embassy had issued an official denial to this. One Italian newspaper had said that M. Clemenceau had neither inspired or known of his declaration.

M. CLEMENCEAU asked M. Pichon if this was correct.

M. PICHON said he had no information.

+ PRESIDENT WILSON said that it had only been in one newspaper. Whichever way, however, his statement was taken, it was news to him that his colleagues did not know, or that he had sent out his statement arbitrarily. He wanted to warn his colleagues that if they were not careful an impression would be given that there was a serious rift between France and Great Britain on the one hand and the United States on the other. The effect of this would be that United States' opinion would say: "We will get out of this".

MR. LLOYD GEORGE said it was necessary to speak very frankly in the intimacy of these conversations. It must not be forgotten that there was a growing feeling that Europe was being bullied by the United States of America. In London this feeling was very strong and the matter had to be handled with the greatest care. Any such rift would be the saddest possible ending to the present Conference. It would put an end to the League of Nations. He understood that the London Press had behaved extremely well and had not gone as far as British public opinion. The position was one of real danger and wanted to be handled with the greatest care, otherwise we might have the worst catastrophe since 1914.

PRESIDENT WILSON said he did not speak with authority in regard to British public opinion. Nevertheless, he was sure of the fact that the so-called bullying was recognised by the common man as based on the principles which inspired the Peace. In his view, it was indispensible clearly to show Italy that in all essentials Great Britain, France and the United States were united, otherwise the Italians would continue to be troublesome.

MR. LLOYD GEORGE said that in fact they were not completely united. In regard to Fiume they were united. M. Clemenceau and he, however, were not in the same position as President Wilson, owing to the fact that they were bound by the Treaty of London.

PRESIDENT WILSON pointed out that Mr. Lloyd George and M. Clemenceau had both signed the memorandum to M. Orlando. This showed that they were united with him in judgment even though not in position.

MR. LLOYD GEORGE said it was no use being united in judgment when a decision was wanted. France and Great Britain were bound by the Treaty of London. If Italy insisted he

Facsimile of minutes of Council of Four, May 3, showing discussion in Italian controversy

new concessions be burned behind him, was so great that he would not take the decisive step.

The result was a long, hopeless, often bitter, controversy between the Three, now also struggling with the Japanese and reparations problems, over what was to be done, with Wilson sticking imperturbably to his position. Once Lloyd George flared up with the remark "that there was a growing feeling that Europe was being bullied by the United States." He also touched Wilson's most vulnerable spot by remarking that a smash-up "would put an end to the League of Nations." The President came back boldly with the statement that "he was sure of the fact that the so-called bullying was recognized by the common man as based on the principles which inspired the Peace."[1]

Finally the entanglement was cut through by the Italians themselves. They began suddenly to be alarmed. With all their clever twisting and turning, nothing was happening. The Three were going on to make the peace. The Austrians had been summoned; the German treaty was to be presented, willy-nilly, May 7. They saw that their bluff was played out; and on May 5 Clemenceau was able to announce to the Council that the Italians were returning. They were indeed present at the ceremonies of May 7, and by approving the German treaty in advance of the satisfaction they claimed, they gave way on one of their chief contentions. Wilson's position was still impregnable.

But the questions were not settled—and the Austrian treaty, which chiefly concerned them, had yet to be completed and agreed to.

Wilson's appeal to the people had indeed failed, but the demands of the Italians, which he opposed, on the other

[1] Secret Minutes, Council of Four, May 3.

hand, had not been accepted. The whole Italian case was, indeed, weakened tactically, but it was to remain a source of infinite trouble.

There now ensued another desperate attempt, the Fourth Period of the crisis, at settlement by bargains in the secret councils of the Four. By a kind of mutual consent, Lloyd George, who had been eager all along, as he said, to "patch up an arrangement with the Italians," was allowed to try his method to his heart's content. It is one of the most illuminating chapters of the Conference: illuminating as to the methods of the old diplomacy, illuminating as to Lloyd George's personality and diplomatic tactics, and illuminating, finally, of the utter futility of any just settlements upon a basis of "deals," "interests," zones of influence, and so on.

CHAPTER XXXIII

Fourth Period of Italian Crisis—Lloyd George's Great Drive for a "Patched-up Arrangement" —Effort to Partition Turkey on the Basis of the Italian Claims

LLOYD GEORGE had been insistently urging that the Three "patch up an arrangement with the Italians." It was his method, and he was now to have an opportunity to practise it to his heart's content.

Everything else had failed to solve the tangle of the Italian claims. Wilson was demanding a settlement on the basis of the American principles and had tried the two most important diplomatic methods of the New Order: expert advice and the appeal to public opinion. Both had failed utterly. The Four had tried the great tactical method of the old diplomacy: arrangement in secret conferences, and that had failed. The Italians, on their part, had made a grand play to force the hand of the Conference: they had gone home in a blaze of glory.

But the Conference had neither yielded nor broken up. That threat had failed. The Italians had come drooping back to Paris—with their claims still unsettled. They had lost certain advantages, but they had by no means capitulated. While they had been unable to form a united front with Clemenceau and Lloyd George and thus isolate Wilson, they had also prevented a united front against themselves on the part of the Three. This had been due largely to the uncertain and shifting policy of Mr. Lloyd George—as shown in the last chapter.

The situation, then, on the return of the Italians (May 6) was as hazy, as favourable to the methods of "patching up an arrangement," as it had been before.

Wilson and, to a large extent, Clemenceau seem to have said to Lloyd George in effect:

"You have been unwilling to stand unflinchingly either with Wilson or his principles or with Clemenceau on the strict interpretation of the secret Treaty of London. You take on the Italians!"

Lloyd George was apparently not at all loth to try his hand. He attacked the problem, not only with confidence, but with a kind of impetuous and glowing enthusiasm. It was as though he said, "Just leave it to me!"

Lloyd George, throughout the Conference, had two invariable methods of meeting every difficult problem—both indirect. He never willingly met any problem squarely, on principle, with a policy on which he was prepared to fight an unyielding battle. His first method was delay or avoidance: every really hard problem was, if possible, to be put ahead or pushed aside. His second was "Arrangement": a policy of bargaining on the basis of national interest. He now tried both with the Italians.

His first crafty move after the return of Orlando and Sonnino was to ask the Peace Conference to shoulder off the burden of the Italian-Jugoslav controversy upon the disputants themselves. Settle the peace terms, he argued, with Austria and Hungary—they were anyway to lose the lands which the Italians were demanding—and let the two interested parties, Italians and Jugoslavs, settle it between them either now or afterward. There was a good deal of force and value in his suggestion—if it had been satisfactory to anybody! And in the end it was what the controversy finally came to—the separate treaty of Rapallo, in November, 1920.

But the Italians promptly and vigorously objected. They wanted no such dealings with the Jugoslavs. They considered them enemies, wished to yield them nothing, and, more than all else, wanted their claims firmly nailed down by the recognition of the great Powers in the general peace. Orlando insisted that all the new boundaries of the former Hapsburg Empire be determined at the same time. He distrusted Lloyd George's proposal.

In this objection Wilson, for very different reasons, supported Orlando. He feared that the strong Italians would have a great advantage over the weak Jugoslavs in any such separate negotiation, that the result would not be freely accepted by the Jugoslavs and would soon lead to new wars. He felt that the true principles of the peace would stand a better chance of application in a general settlement than in a series of isolated transactions, and would give a sounder foundation to the future League of Nations. Upon this subject he had a long argument with Lloyd George. Wilson "urged the importance of retaining the peace-making power in the present conference." Lloyd George came back at him with an argument from the President's own arsenal—that "the present atmosphere was not a favourable one for settling the more controversial questions." Wilson, seeing here a chance to give more prestige to the League of Nations, proposed that all boundaries which could not be fixed in the treaties should be "determined by some definite authority, for example, the League of Nations."

It was finally decided, because the Italians were insistent, that the effort to settle their claims be continued and, as far as possible, completed in the treaties of peace. Lloyd George thus lost out in his first proposal, but soon rebounded with his next, that of frank bargaining with the Italians.

But before describing these most interesting episodes, reference must be made to the brief effort, which began on the very day of the above decision (May 8), to get at some new basis of negotiation that would satisfy the Italians. While the Italians had been away those who were interested in the settlement of the vexed problems of the Adriatic had not been idle. Both experts and editors had been fairly raging over the controversy—seeking far afield for new solutions.

Out of this had emerged two possibly fruitful ideas that were taken by the American experts and woven into a new formula of settlement. One of these ideas had been first expressed by Wilson in the Council, on April 30, that "Italy could have any district in Austria provided she could secure it by a majority of votes in the plebiscite." He had added: "This, of course, would only apply to a clearly defined district, and not to a small spot on the map." He was here applying his familiar principle of self-determination. But suppose this gave Fiume to the Italians: how then could the Jugoslavs have a free access to the sea? For in Point Eleven of the Fourteen the principle had been clearly laid down that Serbia must be "accorded free and secure access to the sea."

Now, in their super-heated arguments for the possession of Fiume the Italian propagandists had met the contention that Fiume was a necessary sea outlet for Jugoslavia by maintaining that there were plenty of other ports that could be developed in the Adriatic and that therefore the Jugoslavs did not require Fiume. It was really a specious argument, for the true Italian purpose was the absolute control of the Adriatic, and they would have been as jealous of any other port as of Fiume—as a rival of Trieste—if there had been any real chance of its growth. But the Italians argued their case too well! They began

to be taken seriously, and a great controversy arose among eminent geographers and engineers as to whether such a development of any other port was possible. Out of this seemed to grow the conclusion that while no other port was so well fitted as Fiume to serve as an outlet for the hinterland of Jugoslavia and Hungary, yet by the expenditure of great sums of money on harbour works and railways the port of Buccari, farther down the coast, might be made an adequate substitute. Once started upon this spinning of engineering dreams, developments were rapid.

Here, then, were two ideas which might on the one hand meet Wilson's principles and give the Jugoslavs the essential opportunity they demanded and, on the other, possibly satisfy the Italians regarding Fiume, the very name of which had now become an Italian shibboleth.

Upon these two ideas Professor Douglas Johnson, chief of the Division of Boundary Geography of the American Commission and special adviser on Adriatic questions, had built up a clever new formula of settlement. His memorandum, of May 8, was approved by the other signers of the memorandums of April, and even the Jugoslavs gave it a somewhat reluctant approval.[1] Its main features were a plebiscite by three districts and the construction of a new port at Buccari by the Italians in case Fiume should vote for union with Italy. If the plebiscite in Fiume went in Italy's favour, its administration by the League should continue until the completion of harbour works, railway connections, and so forth, making Buccari a complete equivalent. These main conditions were accompanied by certain other concessions to Italy.

The President was greatly attracted by this clever memorandum, although in his interview with Professor

[1]See Volume III, Document 40, for text.

Johnson he objected to certain provisions in it—one of them essential. This met the problem of financing the proposed great expenditures on the new port. Of course, it would not be fair to saddle the Jugoslavs with the expense of creating this artificial substitute for their natural outlet, especially as they had already borne their share in the development of Fiume under Hungary. The experts had faced the problem squarely: the money would have to come from the only nation that had any money, America. They were therefore for lending to Italy all sums that America received from Germany under the Versailles Treaty. Wilson dismissed this suggestion by saying that America did not intend to claim any payments from Germany and he could not see his way to a financial commitment of any sort:

"I would not dare promise that," he said, "before I had talked to the people back home."

But the President, on May 13, put the Johnson formula hopefully before Lloyd George and Clemenceau—for the private meetings of the Three, without the Italians, continued after the return of Orlando and Sonnino. It seemed to him a fair basis for discussion, but to his disappointment his two colleagues did not warm up to these proposals. Neither seemed to think that it would be acceptable to the Italians, and Lloyd George in particular was now bent upon his scheme of quite another patched-up agreement. After a somewhat hasty and indifferent discussion of the new proposals Lloyd George came out with what was really on his mind. He made a characteristic speech—long, rambling, enthusiastic, and as his imagination began to take hold, warmly over-emphatic. He seemed to think that at last he had the "open sesame" of all the troubles of the Conference.

His idea was cosmic! They were to get away from

the petty details of cities in the Adriatic and settle the whole Italian–Turkish Mediterranean problem in one swoop. He would satisfy the Italians by giving them a big slice of Turkey.

"He felt," he said, "that the whole frame of mind of the Italians would change if the questions could be discussed as a whole."

He praised the administrative gifts of the Italians and pointed out the admirable opportunities for their exercise in Asia Minor. He opened up a new world of entrancing discussion, Turkey—entrancing not only because it was an element in the settlement of the Italian question, but because it raised at once the mouth-watering ambitions of France and Great Britain regarding the fabulous wealth of the Turks. This was one of the most remarkable episodes of the entire adventure of Paris, in which the Peace Conference set sail on the wings of Lloyd George's fervid imagination and remained aloft until the pilot himself suddenly lost his nerve and, as it were, took a nose-dive!

The Johnson formula was thus temporarily brushed aside by the Three, but it did not entirely disappear. Colonel House made it the basis of one of his extra-conciliar negotiations, with a new effort to bring the Italians and Jugoslavs together. The Italians, never loth to play every string of any negotiation they could reach, thus carried on the argument not only in the Four but in these indirect discussions with the Jugoslavs.

But the atmosphere was now one of extreme irritability on all sides. The controversy had reached the stage of bickering at every point upon the minutest questions of interest—with the principles of the peace wholly lost sight of. There were clashes with the Italians on every hand. The British had a bitter controversy with them

over the Austro-Hungarian ships. The Italians coolly proposed holding all these ships out from the general reparation pool, while at the same time demanding a share of the German ships. They even intrigued with the hated Jugoslavs in behalf of the scheme. Lloyd George, always palpitating with the British sensitiveness on the subject of ships, almost blew up with indignation, but at last agreed to the exclusion of coasting and fishing vessels from the general pool. The Italians were thus unable to keep from adding to the essential difficulties of the situation by piling little things on top of their main demands. Their passion for bargaining was insatiable. To make matters still worse, the Italian press was growing clamorous against Italy's allies. This was undoubtedly, as Orlando insisted, against his wishes, but he himself had fanned the flames that were now scorching him. Just as a large section of the French press had demonstrated for Italy to the inconvenience of Clemenceau's policy, so now Italian newspapers got out of hand and, in the general exasperation at the Government's ill-success, attacked on every side indiscriminately. France came in for the treatment Great Britain had been receiving. She was reviled in public and her officers insulted in the streets.

Another subject of confused disagreement was the treatment to be accorded Austria. The Austrian delegation, which arrived on May 14, was being treated with more consideration than were the Germans. This the Italians resented and sought to obstruct; and yet, at the same time they were trying, where it served their interests, to play the Austrians against the Jugoslavs. Clemenceau even protested to the Four regarding propaganda in the Italian press for an entente with Austria against the new Slavic state. For Italy now feared and dis-

liked her new neighbour more than her old enemy. An exceedingly thorny aspect of this problem was the disposition of the Klagenfurt basin as between Austria and Jugoslavia. In this case, to prevent the Jugoslavs from controlling any part of the main railroad line connecting Trieste with Vienna, the Italians fought the battle of the Austrians! This produced an irritating snarl in the Conference and illustrated the utter absorption of Italy at every turn in her selfish interests and her tactlessness in pursuing them to the minutest end—and finally resulted in nothing for Italy.

At one moment Italy seemed determined to get what she wanted by a kind of lawless initiative of her own; and at the next she seemed terror-stricken lest the other Allies desert her, or fail to uphold her claims. Thus she repeatedly moved her troops in the interest of her political designs without consulting her associates, and thereby produced dangerous and exasperating situations. The sudden advance toward Klagenfurt in June, when that problem was acute, was an example of this bad habit. There had been many others, the worst during the period of Orlando's absence from Paris. First came the news of movements of troops and ships toward Fiume; then of sending warships to Smyrna. Apparently the Italians, if they could not get what they wanted at the Peace Conference, were prepared to take it by force. The dramatic seizure of Fiume, much later, by D'Annunzio, was a further example of the same spirit.

It was, in part, the action of Italy in sending warships to Turkey that was responsible for Lloyd George's proposal for a general settlement with Italy, comprising her claims in all parts of the world. While Italy claimed that the ships were sent to safeguard Italian interests, there were those who openly accused Italy of promoting

the disorders at Smyrna as a cause for intervention. At any rate, between the Italians and Mr. Lloyd George the Turkish wasps' nest was now thoroughly stirred up, and for a brief but glorious moment the British premier, who was the small boy with the stick, seemed in his element. He enjoyed himself completely until the swarm came at him—the angry swarm of Moslemism! He enjoyed himself until he perceived that in exuberantly poking Turkey he had also poked India.

In order to understand clearly what was involved in Lloyd George's grandiose scheme for a "general settlement," a brief review of the Turkish situation up to this time will be necessary.

In the chapters on the secret treaties it was shown how the Allies had sought to arrange a distribution of the spoils of war in Asiatic Turkey. But it was also shown how little finality attached to these agreements. The further disputations between the British and French over their respective shares were recounted—extending right on through the period of the Peace Conference. The secret Sykes-Picot Treaty had remained throughout the turning point of the discussion, in spite of the acceptance of the Wilsonian principles of peace, in spite of the acceptance of the mandatory system. It was the old game of grab. At the special conference of March 20 on this subject all hands had agreed to Wilson's suggestion that a commission be sent to inquire into local conditions and the wishes of the populations.[1] But the commission, really opposed by both France and Great Britain, was not yet under way; and the attitude of the parties to the various controversies showed no sign of change.

Italy also had a finger in the pie. Her claims in Asia Minor rested upon two secret documents. That to the

[1]See Volume III, Document 1, for minutes of this important discussion.

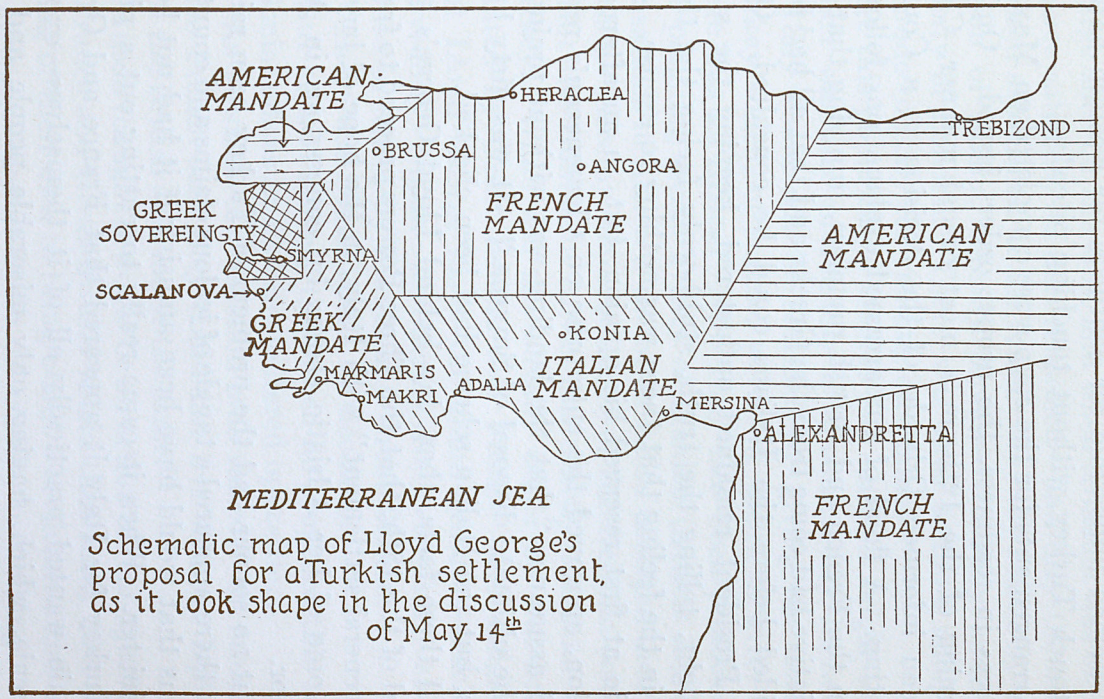
region of Adalia was embodied in the Treaty of London and must stand as long as the treaty was acknowledged by the Allies. But also, by the agreement of St. Jean de Maurienne, in 1917, Italy had been promised large additions to the west of that province, including Smyrna itself. In sending warships to that seaport, Italy might allege that she was keeping within a recognized sphere of action and was merely squatting on a claim already admitted. But the weakness in this position was that the other Allies did not consider the agreement of St. Jean de Maurienne as binding, because the approval of Russia, a stipulated condition, had never been fulfilled.

So little hampered did the Western Allies feel by the agreement that they readily approved the claim of the Greeks to Smyrna. Whether or not they promised it to them in the secret deal by which Greek troops were obtained for the Russian campaign, at Odessa, is uncertain. At any rate, when Clemenceau had first proposed concessions to Italy in Asia Minor, as early as April 21, he had referred to Smyrna as falling to the Greeks. Wilson had been won over to a recognition of the Greek claim on the region by the eloquence of Venizelos and by the fact that Smyrna was largely a Greek city. The news of Italy's action in sending ships to Smyrna was, therefore, most unwelcome to everyone, as raising a question full of dynamite.

At first, the Three at Paris contented themselves with sending warships of their own to Smyrna; but the Italian landings continued. On May 5, Italians were reported at Adalia and Marmaris. Anxiety spread lest troops might be put ashore in Smyrna itself. At least, Lloyd George expressed alarm on this score. What he proposed was an immediate redistribution of armies of occupation in the east, with the occupation of Smyrna by Greek

troops. Constantinople and Armenia were to be occupied by Americans, and British troops replaced by Italians in the rich oil-producing region of the Caucasus. The French would, naturally, be granted their desire to enter Syria. Lloyd George was characteristically in a great hurry: he wanted all arrangements completed before the Italians got back to Paris, on the ground that if they were informed of the projects in view, "they would anticipate them." Wilson raised difficulties about the shortness of time and the use of American troops, so the discussion was adjourned and later put into the hands of a small committee. It led up, nevertheless, to the most disreputable intrigue of the Conference.

Lloyd George was most anxious not to have the Italians "anticipate" decisions at Smyrna. There was no difference of opinion on this point; and his colleagues fell in quite casually with his proposal, next day, that Greece be authorized to send troops to Smyrna at once. The Three met with Venizelos in Lloyd George's flat and took all precautions to keep the Italians from knowing what was under way. It was agreed to say nothing to Italians or Turks until the Greek force had started. In the end, arrangements were made for having small parties of British, French, and Italian marines take part in the landing to give it an international character; but the forts were to be handed over to the Greeks. All this, of course, was in the nature of conspiracy, and a disreputable conspiracy at that—and yet it was only doing what the Italians were doing—playing the Italian game. It was meeting the Italians on their own ground, and it marked, assuredly, the lowest depths the Peace Conference reached. President Wilson joined in this movement no doubt because he saw no other way, at the moment, of checkmating the lawless efforts of the Italians to antici-



Schematic map of Lloyd George's proposal for a Turkish settlement, as it took shape in the discussion of May 14th

pate or force the decisions of the Peace Conference. It has seemed impossible for centuries for western nations to touch Turkey without touching pitch!

Arrangements for the *coup* were completed on May 11; all was in readiness, the proper orders issued. On the morning of the 12th, in a most casual manner, Clemenceau informed Orlando of the decision in a Council meeting. A flood of embarrassed explanations followed from the French and British premiers, implying that the initiative had come from the Greeks and that all had been decided before the Italians could be consulted. Only the President remained unflustered, keeping the story straight, telling the truth, stubbornly facing the thing out in the feeling that there was nothing to excuse. Orlando at first reserved his opinion, but, in an afternoon session, approved the enterprise on Clemenceau's reiterated assurance "that the landing was without prejudice to the ultimate disposal of Smyrna." It was dirty business, but the Italian scheme had been checked.

All these facts, then, lay behind Lloyd George's proposal of the 13th, that the Three Powers proceed to frame a "general settlement" with Italy, in the hope of buying off some of her Adriatic claims by concessions in Asia Minor.

But no sooner had the problem of Turkey been raised than there appeared a tangle of jealous claims and counterclaims that would have been amusing if it had not been so sinister. When it came really to cutting out a piece of Turkey for Italy it appeared that France and Great Britain wanted practically all of it themselves—except Armenia, which, having only miserable people and no great riches, could go to the United States. All that Clemenceau on April 21 and Lloyd George on May 13 could suggest to offer—vaguely—was "part of Anatolia."

But which part? Wilson insisted on Greece's claim to a large slice on the west and when Armenia was out and France satisfied, all that remained—and they themselves seemed astonished at the result—was the relatively small region of Adalia, already promised to Italy under the Treaty of London. There was thus nothing really left to trade to Italy for yielding on Fiume!

At this point Lloyd George had another bright idea—which was also profoundly if unconsciously humorous. If Italy could not be satisfied by giving her lands in Turkey which, of course, were not theirs to give, why, there was all Africa! Now Italy had been promised, in the plaguing secret Treaty of London (Article 13), compensations in Africa if the other Allies enlarged their possessions there by the acquisition of the German colonies.

But the trouble in Africa was exactly the same as in Turkey. What was not already taken up was acutely wanted by Great Britain and France (and Belgium!). But Lloyd George made the grand gesture—much approved by Wilson—of offering Italy territory already owned in Africa by France and Great Britain.

"There was Somaliland," he declared.

But he said naïvely that when he proposed this to the colonial offices he had encountered opposition.

"As soon as the question was raised," he remarked, "the French said they could not live without Djibouti, and the British said much the same."[1]

Wilson thought it would be an action of real significance if France and Great Britain would thus really offer something of their own to bring about a settlement and urged it strongly—but it came, of course, to nothing. "The French could not live without Djibouti."

So the glittering dream of an African bargain was

[1]Secret Minutes, Council of Four, May 13.

dismissed and the Three returned to the Turkish proposals, and finally, on May 17, Mr. Balfour, whose adroit pen was commandeered in many such embarrassing crises, was called upon and produced one of the most remarkable documents—not only in the literary sense, but in the grasp it exhibited of the entire slippery and sinister situation—of the Peace Conference. It has never yet, of course, been published, but it lays bare in a masterly way the essential sordidness of all the Council was then trying to do.[1]

The object of his endeavour, he wrote, was "to find some method of satisfying Italian ambitions" without rousing the indignation of the entire Mohammedan world by such bartering about of the Turkish people as Lloyd George's project entailed. His solution was to keep the sovereignty of the Sultan intact, but to have him delegate certain governmental functions and deal out certain economic rights to different powers in divers parts of his lands. The writer frankly advocated the abandonment of all camouflage of "mandatories" in this connection and a return to the old idea of "spheres of influence." "Inasmuch as the whole plan is primarily devised in order to do something to satisfy Italian appetites," all false modesty might as well be thrown aside and the Italians given what they really wanted—the special economic advantages which the mandatory system was designed to exclude. "My whole object," wrote Balfour, "is to give the Italians something which they will really like, and it seems that they have a great liking for concessions." He concluded that his project was "designed to do two things: to maintain something resembling an independent Turkish Government, ruling over a homogeneous Turkish population; the other is to find a position

[1]See Volume III, Document 41, for full text.

for the Italians within this Turkish State which will make a sufficient appeal to the ambitions of the Italian Government. From every other point of view the plan is, I admit, a bad one; but from this point of view . . . I still think it worthy of serious consideration."

Was there ever such a masterly stripping bare, in secret councils, of the real import of a situation coupled with the readiness of the diplomat of the old school to play the whole sordid game, if necessary! It was the quintessence of Balfour.

Balfour had not only set forth the Turkish problem with consummate skill—with a clearness of insight that the impetuous and superficial Lloyd George could never reach—but he had also introduced, out of his deeper knowledge of the roots of British power, certain considerations that had a decidedly cooling effect upon Lloyd George. Indeed, the British premier suddenly discovered that he had stirred a wasps' nest in his own camp. This was the possible effect of the rough handling of the Turkish Sultan—the titular head of the Moslem religion—upon the vast, slow Mohammedan population in India already restless and discontented.

This seemed to strike him—as important considerations often did—all in a heap. He had been carried away by the glitter of the Turkish scheme; and now he came down, with a thud, upon this danger to the British Empire. He was in a blue funk about Turkey. He saw that in his light-hearted excursion into that domain, for trading purposes with Italy, he had jumped from the frying pan into the fire. He therefore prepared, with immense agility, to jump back again. For this purpose he called in his chief adviser on Indian affairs, Secretary Montagu, and on May 17 they unexpectedly staged a demonstration of the British Mohammedan delegates

before the Council of Four at the President's house. These delegates, in their impressive exotic uniforms, solemnly protested against robbing the Sultan and deliberately overturned most of the proposals which the Prime Minister had been setting up during several days past.

Lloyd George now wished to get entirely away from and out of Turkey, and began sounding Orlando again about the situation in the Adriatic. Those gods, whoever they may be, who devise comedies, never set up a profounder one than that in which the distracted Lloyd George was now chief actor. He discovered that the Italians, who had begun to lick their chops over the entrancing possibilities in Turkey, objected to being robbed of their meal. Orlando himself had suddenly seen a beautiful way either of getting out of the whole dismal Adriatic squabble, which at bottom was unsatisfactory to him, or of getting still more for Italy. He was not now to be so easily distracted by Lloyd George's extraordinary change of front. Was ever such a confusion!

In order, however, to understand these developments adequately it is necessary to go back a few days and follow up the other line of development of the Italian case—that springing from the Johnson formula of May 8. This had been starving along outside the closed door of the Council—but it was to come in again!

Colonel House had been greatly taken with the proposal and had been trying to get the Italians and Jugoslavs to agree upon it as a basis of negotiation. Here, however, an amusing, if difficult, complication arose, due to the fact that the Italians refused to meet the Jugoslavs face to face. The writer remembers vividly going into Colonel House's office (May 16) and finding the Italians in one room, with closed doors, and the Jugoslavs

in another, with closed doors, and a number of American experts, directed by Colonel House, mysteriously and excitedly circulating between them—with Fiume on their lips and indignation in their souls. Certain apparent concessions were made by Orlando, but, when presented to Wilson, they came far short of meeting his irreducible minimum as to the Adriatic; even the patient and conciliatory Colonel House was unwilling to go further with Orlando.

In the meantime, Orlando seemed suddenly to have realized the extent of Lloyd George's panic over the Turkish settlements and the trouble he was having with his own Indian Office, and, dropping at once the negotiations through Colonel House, with which he had been toying, he seized eagerly upon the opportunity presented by Lloyd George's difficulty.

He appalled Lloyd George (May 18) by a demand for nothing less than the whole of Anatolia. Then he switched around and stated that he would surrender all claims there if only they would give him Fiume.

May 19 saw one of the most illuminating sessions of the Four. Lloyd George treated his colleagues to the consummation of one of his most astonishing "about-face" acts. After recounting with an air of indignation his conversation with Orlando, he came out with the deliciously characteristic remark:

"At the risk of appearing to vacillate, he would like to reconsider the provisional decision already taken.

"President Wilson said he did not in the least mind vacillating, provided the solution reached was the right one."[1]

What Lloyd George now proposed was that "if the Italians could be got out of Asia Minor altogether it

[1]Secret Minutes, Council of Four, May 19.

would, in his opinion, be worth giving them something they were specially concerned in, even if it involved the Allies swallowing their words." Here was the beautiful result of his optimistic project of the 13th. Within a week after proposing to buy the Italians off from Fiume by offers in Asia Minor, he was proposing to reverse the process and buy them out of Asia Minor by the offer of Fiume. The President could only express his opinion by saying he "hoped that Mr. Lloyd George would not press this point of view." The debate ended without any decision.

Lloyd George was not to get out of his troubles, even with his naïve defense of his right to vacillate, as easily as he hoped. Not only did he find Wilson as always against giving Fiume to the Italians, but he made the further disquieting discovery that, while Orlando seemed willing to make such facile trades, the grim Sonnino not only proposed to have Fiume but the lands in Turkey as well. He presented a memorandum to the Three in a highly unpleasant and acrimonious session, defending the landings of Italian troops in Turkey and asserting the rights of Italy there. He was even rough enough to refer to similar French landings (at Heraclea) without authorization, and to the fact that the Three had authorized, behind the backs of the Italian delegates, the Greek landings in Smyrna. This was an example of the way the two Italian leaders negotiated separately; was it wholly at cross purposes or was it partly by collusion?

Lloyd George, now toiling terribly, tried to get the negotiations out of the foul morass into which they had sunk—into which he himself had been largely responsible for precipitating them. He twisted and turned, tried new proposals, and finally, not only failed in the least to satisfy the Italians but (May 21) got into a desperate

altercation with Clemenceau who objected to having Lloyd George trade away what he considered French rights in Turkey in order to satisfy the Italians and get him (Lloyd George) out of the scrape he was in. Here, in passionate and off-guard speeches by Clemenceau and Lloyd George emerged more of the noisome business of the old secret treaties and the chaffering over oil rights, railways, and pipe lines already referred to in the chapter on the secret treaties.

These disreputable dealings have been here somewhat fully described because they exhibit to perfection the inside methods of the old diplomacy. They reveal not only the sordid greed, intrigue, conspiracy, and lies of it all—but the monumental futility and short-sightedness of trying to reach any agreement whatsoever, either just or unjust, upon the old basis of national interest.

Lloyd George thus had his fling: he tried his policy of bargaining and "patched-up arrangements" to the limit—with confusion worse confounded at the end—and no result whatever.

President Wilson had gone along with this disreputable business, perhaps with the feeling that Lloyd George, in all fairness, must be given a chance to try his scheme of settlement, perhaps half convinced that the magnetic and beguiling Prime Minister, by his grand scheme, could really find a solution of the combined Italian and Turkish problems which he could honestly accept. Well, the trial had been made, they had sounded the lowest depths of the old diplomacy, they had considered bartering peoples, lands, institutions, to which they had no right and in total disregard of principles—and there was nothing there! Moreover, the whole Turkish question was drifting toward a settlement on the rottenest and most unstable bases of the Old Order.

Wilson began (on May 19) to be intensely disgusted, and to consider ways of getting entirely out of the whole morass. The only escape was to bring the Council back to a firm basis of principle, with the use of the methods of the New Order. He therefore proposed that the Commission to Turkey—which had long ago been tentatively approved and the American members (Crane and King) appointed, which had been held back by evasion and opposition chiefly of the French—be empowered to start at once. The solution on the basis of the real wishes and true interests of the people of Turkey—not the interests of the European Powers—was, after all, the only safe and honourable course; and the only way to determine that was by an impartial and honest commission. He had been for this all along but had been held back by the opposition of the others who wanted no such impartial and public decision. Well, they had tried their methods—and conditions were worse than ever, and now perhaps they would try his. Somewhat to his surprise, when he began to press his proposal he found the now somewhat contrite Lloyd George (who had previously thrown cold water on the idea) most receptive. It offered him a way of escape from—or at least postponement of—his difficulties. Wilson also drew out a surprisingly favourable response from the Italians. They, too, were at their wits' end and this offered, perhaps, new chances of bargaining; and, moreover, an impartial study of conditions in Turkey might give Italy fully as good a show there as France! But the French, now as always the true bulwark and defense of the old diplomacy, flatly refused to proceed with the scheme until there was a readjustment of zones of occupation on the lines of the old secret agreements. They argued that as long as the regions in Syria which they claimed were

occupied by British and Arab troops, no commission could make a fair report.

On May 21 Wilson had reached the end of his patience, and despite his intense desire to keep allied action unanimous and based upon full coöperation, he informed the Council that he had instructed his commissioners to leave at once for Turkey. Whatever the others did he was determined to have the investigation made—for his own information and, if necessary, for public use. Lloyd George offered to appoint his members of the Commission at once, but when Clemenceau held back Lloyd George declared he also must stand out. So the Americans set out alone; and by a kind of tacit agreement the whole discussion of Turkey, especially with reference to Italy, dropped into abeyance. The American Commission left Paris May 25 and 29 and did not return until August 27, after the treaties had been signed and Wilson had sailed for home. Their valuable report was thereafter buried in the American State Department.[1]

FIFTH PERIOD: THE FINAL FUTILE NEGOTIATIONS

While Lloyd George's grand schemes had failed, the Adriatic problems were as troublesome as before—and the Italians as insistent upon a settlement. While somewhat crowded out of the main discussions of the Four negotiations continued, first under the ægis of Colonel House, who would never say die, and later upon the basis of a compromise proposition worked out by Tardieu, and eagerly seized upon by Lloyd George as a possible way out. It is useless here to follow all the wearisome conferences, memoranda, discussions, arguments, intrigues, which dragged along through the latter days of May and into June. Scarcely any new points were made; the Italians, with

[1]See Chapter XXXIV for full account of this report.

their divided control, backed and filled, accepted one day to reject the next, bargained and traded at every point. Wilson, on his part, while he was willing to make adjustments here and there, refused to compromise on the essential points.

And thus matters drifted along through the presentation of the incomplete treaty to the Austrians (June 3) in which the Italians, though unsatisfied, took part, and finally to the signing of the German treaty at Versailles on June 28, in which the Italians, with their claims still hanging fire, also joined.

The Italians, in brief, had accepted the implicit formula of the Peace: that, despite everything, the Allies must stand together and must sign the peace. By accepting the League of Nations an instrumentality was set up that might possibly be able to deal with problems left unsettled by the Council of the Heads of States. They had not fully secured what they wanted—but neither had the French; neither, for that matter, had Wilson; but Peace must be made.

Interminable discussions—beyond our range—continued among the governments for a year and a half more—and then Italy did not get Fiume! Nor, for that matter, more than a bare foothold in Dalmatia and the islands of the Adriatic. While the settlements at Paris were inconclusive the President's stand truly prevented a wholly unjust decision and made war with the Jugoslavs less inevitable by keeping open a door, however limited, to their future economic development by way of the Adriatic.

CHAPTER XXXIV

Syria and Palestine—Confidential Report of the American Commission, Charles R. Crane and Henry Churchill King—Zionism

IT IS scarcely surprising that the report of the special American Commission to Syria and Palestine, headed by Charles R. Crane and Henry Churchill King—referred to in the last chapter—should have been kept secret both by the Peace Conference to which it reported in August (1919), after President Wilson had left Paris, and afterward by the American State Department. It was entirely too frank: it contained too much plain-speaking regarding political and other conditions in that tinder box of the world, the Near East. Yet it is of the utmost value in contributing to our knowledge of such bitter controversies as those, described in the last chapter, in which the great Powers of Europe contended for the possession of the Asiatic Empire of the Turks.

The Near East may well prove to be the spark which sets off the next war—just as the "Berlin-to-Bagdad" dream of the Germans was one of the elements leading up to the World War. In such a case America could scarcely avoid being immediately involved; for however the American people may worship the fiction of their isolation, they have long been vitally concerned with affairs in Turkey—and now more than ever before. They have planted colleges there, and missions and schools and hospitals, all indeed with truly pacific intent—but each a centre of new fires of liberty and progress. Amer-

ican sympathy was intimately tied up with these enterprises long before the war. After the Armistice she was even more deeply stirred by the suffering in those war-torn and cruelly afflicted lands. She sent millions of dollars in food and clothing in answer to the heart-rending appeals of the suffering people. Moreover, she concerned herself beyond any other nation in the future of Palestine, and she was also sharply interested, in dollars and cents, in what happened to the rich oil fields of Mesopotamia. Although refusing to accept the League of Nations or to take any mandatorial responsibility whatever, America at the same time demanded an equal share in deciding upon the mandates in the Asiatic territories of the former Turkish Empire.

It is for this reason that the findings of this American Commission to the Near East become of such value in America.[1]

After the failure of Clemenceau and Lloyd George to agree to a joint inter-allied commission to Syria, as described in the last chapter, President Wilson instructed the Americans to go forward at once. They left Paris May 25 and 29 and on June 10 arrived in Joppa. The other principal members of the Commission besides Crane and King were Dr. Albert H. Lybyer, Dr. George R. Montgomery, and Captain William Yale, advisers, and Captain Donald M. Brodie, secretary.

The Commission spent forty days in its tour of Syria

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[1]While no attempt has been made in this book to treat of the Turkish settlements at all comprehensively, a fairly clear idea of the problems involved may be had by reading, in connection with this report of Crane and King, Chapter IV, on the secret treaties relating to Turkey, Chapter XXXIII on the relationship of the Italian crisis to the Turkish settlements, and finally the important minutes of March 20, in which the whole noisome business of the partition of Turkey was poured out in a secret session of the Heads of States. This invaluable record, which gives the French and British views of the situation in Syria, Palestine, and Arabia, is published in full, Volume III, Document 1.

and Palestine, visiting in the course of that time thirty-six different cities and towns—a true example of American efficiency in covering ground. The method of investigation consisted in interviews with delegations from the various political, economic, social, and religious groups of the population and in the collection of petitions. It was in many ways the most characteristic and interesting adventure in international politics ever undertaken by Americans, and it was the only commission appointed by the Paris Peace Conference which really carried out both the principle and method of President Wilson, of inquiry into the real wishes of populations whose destinies were being decided. From the point of view of the old diplomacy it was truly a naïve enterprise: as unlike traditional European methods as shirt-sleeved Americans could make it.

The findings and recommendations of this commission were embodied in a lengthy report—running to upward of 40,000 words. It is in three general parts: first, a statement of the work of the Commission and a report of the conditions that existed; second, the general recommendations to the Peace Conference for making the Turkish settlements. The third part, and quite the most interesting of any, is a special confidential report "for the use of Americans only"—in which the Commissioners set forth with still greater frankness what they found.

It is a pity that the story of the peregrination of these new Americans in the land of Homer and Alexander and Moses, with the picture of the marvellously varied delegations they received—Moslems, Christians, Druses, Jews—could not be presented in full. They sat in the seats of the mighty and visited the Holy Places in Jerusalem; they drove by automobile to Bethlehem and Naza-

reth; they spent days in the old Arabian city of Damascus and visited Tyre and Sidon; and everywhere they went the common people heard them gladly—and incontinently inundated them with petitions! The officials of the occupying powers, on the other hand, were often cold or sometimes hostile.

Wherever they went they gave out first a printed statement setting forth their purposes, two paragraphs of which are here set forth:

> The American people—having no political ambitions in Europe or the Near East; preferring, if that were possible, to keep clear of all European, Asian, or African entanglements; but nevertheless sincerely desiring that the most permanent peace and the largest results for humanity shall come out of this war—recognize that they cannot altogether avoid responsibility for just settlements among the nations following the war, and under the League of Nations. In that spirit they approach the problems of the Near East.
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> An International Commission was projected by the Council of Four of the Peace Conference to study conditions in the Turkish Empire with reference to possible mandates. The American Section of that Commission is in the Near East simply and solely to get as accurate and definite information . . . in order that President Wilson and the American People may act with full knowledge of the facts in any policy they may be called upon hereafter to adopt concerning the problems of the Near East.

In such an inquiry, of such tangled and complicated problems, the Commission, although it had the advice of men who were thoroughly familiar with the history and politics of Asiatic Turkey, had to guard itself against propaganda from every side. They say plainly in the introduction to their report:

> We were not blind to the fact that there was considerable propaganda; that often much pressure was put upon individuals and groups;

that sometimes delegations were prevented from reaching the Commission; and that the representative authority of many petitions was questionable. But the Commission believes that these anomalous elements in the petitions tend to cancel one another when the whole country is taken into account, and that, as in the composite photograph, certain great, common emphases are unmistakable.

The Commission were moving through territory occupied in Palestine by British military forces, in Damascus and Arabia by Arab forces, and in Syria by the French. In their confidential report "for the use of Americans only," they set forth frankly what was the attitude of the various occupying forces. Of their experiences in Palestine, which was under British occupation, they say:

There was some evidence that attempts had been made to influence opinion in favour of a British mandate, though with no great amount of success. The "Moslem Christian Committee" and the officials of Jaffa, the Kadi of Jenin, and some groups at Acre, were said to have been chosen by the occupying government and were declared not to represent the people. Two or three military governors seemed to have taken some action to procure votes for Britain. Orders had been issued at Jaffa against declaring for complete independence. Evidence appeared of some French activity in this area, likewise with little success. There was much enterprise on the part of members of the Arab Government at Damascus. Such persons were not hindered by the British authorities from moving about freely, distributing printed forms, and giving instruction according to definite programmes.

It may be remarked that a number of the British officials, including some at Jerusalem, were proceeding as though expecting that Britain will remain permanently in control of Palestine. For instance, they were planning for the growth of cities, the building of roads and railways, and the construction of harbours. On the other hand, some expressed a desire that America should come as mandatory power. There was a general agreement that France could come to the control of all Syria only with a great show of force and the probability of considerable fighting.

The conduct of the French in their zone of occupation comprising the remainder of the Syrian coast from Tyre to Alexandretta, is described as follows:

It was too evident that in all Occupied Enemy Territory Administration West, the French military governors had worked with varying energy and success to obtain the reality or at least the appearance of a desire for a French mandate. Their propaganda, some of which they carried on directly, and some through native officials and agents, took many forms. The Commission saw inspired articles in the newspapers, attempts at browbeating and espionage, the hindrance by French soldiers of the attempts of individuals and groups to reach the Commission, and the ushering in of officials, manifestly unsuited to their positions, freshly appointed in the room of others who had been removed because they had declined to support a French mandate. Authentic information came to hand of threats and bribes and even imprisonment and banishment for the same purpose. The management of the sessions at Tyre, Baabda, and Tripoli was so bad as to be insulting to the intelligence and almost to the dignity of the Commission, and was saved from this at other places only by the greater intelligence and natural politeness of some French officers who kept their methods out of sight.

Agents of Prince Feisal were also working in a limited way in O. E. T. A. West in support of the programme of the Syrian Congress at Damascus. There was no evidence of direct action by the British in this territory. Perhaps there was an ulterior motive in the special and somewhat conspicuous kindnesses which they [the French] showed the Commission during these days.

A significant addition to these remarks is the Commissioners' confidential summary of the attitude of the Syrians toward the French:

Arab Feeling toward the French—While the Commission was prepared beforehand for some disinclination toward France in Syria, the strength, universality, and persistency of Anti-French feeling among practically all Moslems and non-Catholic Christians (except a division of the Greek Orthodox), came as a distinct surprise. Friends of the French affirmed that it is due to German and Turkish,

succeeded by Arab and British propaganda, and that it is not deep-seated. The Commission went to great pains in testing these affirmations by questioning. . . .

The anti-French feeling does seem to be deep-rooted in large proportions of the Syrian population. This appears in an examination of the principal reasons given by the Syrians for their opposition to all French interference in their affairs. They say:

I. The French are enemies of religion, having none at home, and supporting Roman Catholics abroad for purely political motives.

II. They disapprove of the French attitude toward women.

III. The French education is superficial, and inferior in character-building to the Anglo-Saxon. It leads to familiarity with that kind of French literature which is irreligious and immoral. The Moslems recognize that the time has come for the education of their women, and they say that those who receive French education tend to become uncontrollable.

IV. The French have not treated the natives as equals in Algeria and Tunisia, but have imposed differences in office holding and in various civil rights. This argument was presented very often and developed in some detail.

V. The French have shown a marked tendency to give an undue proportion of offices, concessions, and the like to the Christians of Syria. Non-Catholics complain that the same discrimination is shown in favour of Catholics and Maronites.

VI. By this discrimination, and by various intrigues since the occupation, the French have increased the religious division in Syria, which had been reduced greatly during the war. They thus endanger the possibility of Syrian nationalism, on a non-religious basis.

VII. The French are inclined to a policy of colonization, by which they wish to substitute the use of the French language for native tongues, and make the people into Frenchmen. The Syrians wish to preserve the use of the Arabic language, and to retain their separateness. Furthermore, it is inherent in this policy that the French would never leave Syria.

VIII. The French have lost so many men in the war, that they are unable to give needful protection or adequate administration. This is illustrated by the few soldiers and the inferior type of French officers and officials now in Syria. (Friends of the French deny that France lacks good officials, and blame the French Foreign Office for

choosing badly those who are sent out. Again, while for the English the Eastern service is a career and draws the best of the young men, for the French it seems a kind of exile and the best prefer to remain at home.) It was affirmed that bribery and intrigue are worse in the French area now than under the Turks.

IX. The French have suffered financially in the war to such an extent that they have not the means to restore France itself or to develop what possessions they have already. They cannot therefore give Syria the financial and economic support she needs.

X. The French are inclined toward financial exploitation of subject areas, and would govern Syria not for its own development, but for the profit of Frenchmen.

It is not necessary here to try to estimate the measure of truth that lies behind these statements. It is sufficient to note that most of the Syrians believe substantially the whole of this, and are therefore very strongly against French control of the country.

It is impossible to go into the details of the voluminous mass of evidence gathered, but the conclusions of the Commission based upon these facts, they have themselves set down. Amid the confusion of the counsel and extreme diversity of view certain broad general currents of opinion emerged.

First, a large part of the people everywhere desired independence, but with certain differences of opinion as to what should be included in "United Syria." Others were for mandatory control, American, British, or French. The conclusions of the Commission reached after a careful digest of all the evidence, will be found most illuminating. They recommend for the treatment of Syria:

That any Foreign Administration for Syria should be Mandatory under the League of Nations rather than Colonial. The Mandatory Administration should have: a limited term determined by the League of Nations; a period and power sufficient for the success of the new state; a strong and vital educational emphasis; an interest in the development of Syrian self-government; no tendency to pro-

long the period of "tutelage"; adequate guarantees for the complete religious liberty for all; careful and disinterested economic policies.

The Unity of Syria should be preserved, in accordance with the desires of the Syrians. . . . A single mandate is necessary to secure real and efficient unity, to promote friendly relations among all Syrians, who are inevitably inter-dependent.

That Emir Feisal should be made the Head of a United Syrian State, because: he is the choice of the great majority of Syrians; a democratic, constitutional monarchy is naturally adapted to the Arabs; Emir Feisal seems personally and politically qualified for such leadership.

Of especial interest, in view of the powerful agitation current in the United States, are the Commission's courageous and dispassionate observations on the subject of Zionism, which are here quoted in full:

We recommend, in the fifth place, serious modification of the extreme Zionist Programme for Palestine of unlimited immigration of Jews, looking finally to making Palestine distinctly a Jewish State.

(1) The Commissioners began their study of Zionism with minds predisposed in its favour, but the actual facts in Palestine, coupled with the force of the general principles proclaimed by the Allies and accepted by the Syrians, have driven them to the recommendation here made.

(2) The Commission was abundantly supplied with literature on the Zionist programme by the Zionist Commission to Palestine; heard in conferences much concerning the Zionist colonies and their claims; and personally saw something of what had been accomplished. They found much to approve in the aspirations and plans of the Zionists, and had warm appreciation for the devotion of many of the colonists, and for their success, by modern methods, in overcoming great natural obstacles.

(3) The Commission recognized also that definite encouragement had been given to the Zionists by the Allies by Mr. Balfour's often quoted statement, in its approval by other representatives of the Allies. If, however, the strict terms of the Balfour Statement are adhered to—favouring "the establishment in Palestine of a national home for the Jewish people," "it being clearly understood that nothing shall be done which may prejudice the civil and religious

rights of existing non-Jewish communities in Palestine"—it can hardly be doubted that the extreme Zionist programme must be greatly modified. For "a national home for the Jewish people" is not equivalent to making Palestine into a Jewish State: nor can the erection of such a Jewish State be accomplished without the gravest trespass upon the "civil and religious rights of existing non-Jewish communities in Palestine." The fact came out repeatedly in the Commission's conference with Jewish representatives, that the Zionists looked forward to a practically complete dispossession of the present non-Jewish inhabitants of Palestine, by various forms of purchase.

In his address of July 4, 1918, President Wilson laid down the following principle as one of the four great ends for which the associated peoples of the world were fighting: "The settlement of every question, whether of territory, of sovereignty, of economic arrangement, or of political relationship upon the basis of the free acceptance of that settlement by the people immediately concerned, and not upon the basis of the material interest or advantage of any other nation or people which may desire a different settlement for the sake of its own exterior influence or mastery." If that principle is to rule, and so the wishes of Palestine's population are to be decisive as to what is to be done with Palestine, then it is to be remembered that the non-Jewish population of Palestine—nearly nine-tenths of the whole—are emphatically against the entire Zionist programme. The tables show that there was no one thing upon which the population of Palestine were more agreed than upon this. To subject a people so minded to unlimited Jewish immigration, and to steady financial and social pressure to surrender the land, would be a gross violation of the principle just quoted, and of the peoples' rights, though it kept within the forms of law.

It is to be noted also that the feeling against the Zionist programme is not confined to Palestine, but shared very generally by the people throughout Syria, as our conferences clearly showed. More than 72 per cent.—1,350 in all—of all the petitions in the whole of Syria—were directed against the Zionist programme. Only two requests—those for a united Syria and for independence—had a larger support. This general feeling was *only* voiced by the "General Syrian Congress," in the seventh, eighth and tenth resolutions of their statements.

7. We oppose the pretensions of the Zionists to create a Jewish commonwealth in the southern part of Syria, known as Palestine, and oppose Zionist migration to any part of our country; for we do not acknowledge their title, but consider them a grave peril to our people from the national, economical, and political points of view. Our Jewish compatriots shall enjoy our common rights and assume the common responsibilities.

8. We ask that there should be no separation of the southern part of Syria known as Palestine nor of the littoral western zone which includes Lebanon from the Syrian country. We desire that the unity of the country should be guaranteed against partition under whatever circumstances.

10. The fundamental principles laid down by President Wilson in condemnation of secret treaties impel us to protest most emphatically against any treaty that stipulates the partition of our Syrian country and against any private engagement aiming at the establishment of Zionism in the southern part of Syria; therefore we ask the complete annulment of these conventions and agreements.

The Peace Conference should not shut its eyes to the fact that the anti-Zionist feeling in Palestine and Syria is intense and not lightly to be flouted. No British officer, consulted by the Commissioners, believed that the Zionist programme could be carried out except by force of arms. The officers generally thought that a force of not less than fifty thousand soldiers would be required even to initiate the programme. That of itself is evidence of a strong sense of the injustice of the Zionist programme, on the part of the non-Jewish populations of Palestine and Syria. Decisions, requiring armies to carry out, are sometimes necessary, but they are surely not gratuitously to be taken in the interests of a serious injustice. For the initial claim, often submitted by Zionist representatives, that they have a "right" to Palestine, based on an occupation of two thousand years ago, can hardly be seriously considered.

There is a further consideration that cannot justly be ignored, if the world is to look forward to Palestine becoming a definitely Jewish state, however gradually that may take place. That consideration grows out of the fact that Palestine is "the Holy Land" for Jews, Christians, and Moslems alike. Millions of Christians and

Moslems all over the world are quite as much concerned as the Jews with conditions in Palestine, especially with those conditions which touch upon religious feeling and rights. The relations in these matters in Palestine are most delicate and difficult. With the best possible intentions, it may be doubted whether the Jews could possibly seem to either Christians or Moslems proper guardians of the holy places, or custodians of the Holy Land as a whole. The reason is this: the places which are most sacred to Christians—those having to do with Jesus—and which are also sacred to Moslems, are not only not sacred to Jews, but abhorrent to them. It is simply impossible, under those circumstances, for Moslems and Christians to feel satisfied to have these places in Jewish hands, or under the custody of Jews. There are still other places about which Moslems must have the same feeling. In fact, from this point of view, the Moslems, just because the sacred places of all three religions are sacred to them, have made very naturally much more satisfactory custodians of the holy places than the Jews could be. It must be believed that the precise meaning, in this respect, of the complete Jewish occupation of Palestine has not been fully sensed by those who urge the extreme Zionist programme. For it would intensify, with a certainty like fate, the anti-Jewish feeling both in Palestine and in all other portions of the world which look to Palestine as "the Holy Land."

In view of all these considerations, and with a deep sense of sympathy for the Jewish cause, the Commissioners feel bound to recommend that only a greatly reduced Zionist programme be attempted by the Peace Conference, and even that, only very gradually initiated. This would have to mean that Jewish immigration should be definitely limited, and that the project for making Palestine distinctly a Jewish commonwealth should be given up.

There would then be no reason why Palestine could not be included in a united Syrian State, just as other portions of the country, the holy places being cared for by an International and Inter-religious Commission, somewhat as at present, under the oversight and approval of the Mandatary and of the League of Nations. The Jews, of course, would have representation upon this Commission.

Finally, after a full discussion of the problem as to what power shall undertake the single mandate for all Syria, the Commission sets forth the fact that according to the

resolutions of the Peace Conference of January 30, 1919, the regions to be "completely severed from the Turkish Empire": the "wishes of these communities must be the principal consideration in the selection of the mandatory power." They then go on to say:

Our survey left no room for doubt of the choice of the majority of the Syrian people. Although it was not known whether America would take a mandate at all; and although the Commission could not only give no assurances upon that point, but had rather to discourage expectation, nevertheless, upon the face of the returns, America was the first choice of 1,152 of the petitions presented—more than 60 per cent.—while no other Power had as much as 15 per cent. for first choice. . . . They declared that their choice was due to knowledge of America's record: the unselfish aims with which she had come into the war; the faith in her felt by multitudes of Syrians who had been in America; the spirit revealed in American educational institutions in Syria, especially the College in Beirut, with its well known and constant encouragement of Syrian national sentiment; their belief that America had no territorial or colonial ambitions, and would willingly withdraw when the Syrian State was well established as her treatment both of Cuba and the Philippines seemed to them to illustrate her genuinely democratic spirit; and her ample resources.

From the point of view of the desires of the "people concerned," the Mandate should clearly go to America.

But the Commission also sets forth the objections to an American mandate, as follows:

The objections to simply recommending at once a single American Mandate for all Syria are: first of all, that it is not certain that the American people would be willing to take the Mandate: that it is not certain that the British or French would be willing to withdraw, and would cordially welcome America's coming—a situation which might prove steadily harassing to an American administration; that the vague but large encouragement given to the Zionist aims might

prove particularly embarrassing to America, on account of her large and influential Jewish population; and that, if America were to take any mandate at all, and were to take but one mandate, it is probable that an Asia Minor Mandate wou d be more natural and important. For there is a task there of such peculiar and world-wide significance as to appeal to the best in America, and demand the utmost from her, and as certainly to justify her in breaking with her established policy concerning mixing in the affairs of the Eastern Hemisphere. The Commissioners believe, moreover, that no other Power could come into Asia Minor, with hands so free to give impartial justice to all the peoples concerned.

The Commissioners, therefore, recommend, as involved in the logic of the facts, that the United States of America be asked to undertake the single Mandate for all Syria.

If for any reason the mandate for Syria is not given to America, then the Commissioners recommend, in harmony with the express request of the majority of the Syrian people, that the mandate be given to Great Britain. The tables show that there were 1,073 petitions in all Syria for Great Britain as Mandatary, if America did not take the mandate. This is very greatly in excess of any similar expression for the French. On the contrary—for whatever reason—more than 60 per cent. of all the petitions, presented to the Commission, directly and strongly protested against any French Mandate. . . .

The Commissioners recommend, therefore, that if America cannot take the Mandate for all Syria, that it be given to Great Britain; because of the choice of the people concerned; because she is already on the ground and with much of the necessary work in hand; because of her trained administrators; because of her long and generally successful experience in dealing with less developed peoples; and because she has so many of the qualifications needed in a Mandatory Power, as we have already considered them. . . .

There remains only to be added, that if France feels so intensely concerning her present claims in Syria, as to threaten all cordial relations among the Allies, it is of course possible to give her a mandate over the Lebanon (not enlarged), separated from the rest of Syria, as is desired by considerable groups in that region. For reasons already given, the Commissioners cannot recommend this course, but it is a possible arrangement.

The above extracts cover what seem the most significant portions of this conscientious and weighty report. It had no influence upon the settlement of the questions with which it deals, because no use was made of it by our representatives at Paris. There are sufficient reasons for its suppression. By the time it was made, our Government had definitely withdrawn from active participation in settlements affecting Turkey; and, furthermore, the situation at home regarding the peace was shaping in such fashion that to have put out a programme of American mandates over almost all the former Turkish lands, as the Commission recommended, would have been a totally futile proceeding. But the report has slumbered too long. It demands at least consideration in the determination of our policy toward these questions.

The settlement in Asia Minor that we are now expected to approve as to mandates goes counter to the findings of our Commission in three principal respects: It divides Palestine from the rest of Syria, it goes very far toward meeting the Zionist programme in the former region, and it places France in control of Syria. America has not, of course, entered the League of Nations but cannot regard without interest any tampering with the religious, educational, and humanitarian work of her people in this region, and she will inevitably have to bear her full part in the consequences of the actions of the other great nations in the Near East, if they should lead to another great war.

PART VII

THE JAPANESE CRISIS

CHAPTER XXXV

Japanese Demands at Paris—The Two Objectives—Struggle for Racial Equality

THE Japanese crisis was precipitated in the Peace Conference at the height of the Italian controversy, and just following the exhausting and crucial struggle with the French during the "Dark Period." It came at one of the most precarious moments of the entire Conference; indeed on the very day that the Germans were arriving morosely at Versailles to receive a treaty upon which, in secret councils, the Allies were dangerously facing a complete disagreement. The Japanese, like the Italians, who had already withdrawn, based their acceptance of that treaty upon a satisfactory settlement of their claims.

Wilson with his principles and programme of the New Order had a struggle with each of the great Powers in turn. He met the British, for example, on the Colonial issue, as described in a former chapter; the most desperate and prolonged struggle of all was with the French, during the Dark Period; the indecisive issue with the Italians dragged itself out for weeks; but in certain ways the Japanese crisis, while shorter and sharper, troubled the President more than any other—and the result of none, finally, satisfied him less.

He took none more personally to heart. He told me on one occasion that he had been unable to sleep on the previous night for thinking of it. It disturbed him especially because he knew that in making the settle-

ments he would be going counter to a large body of American popular feeling, which was strongly partisan to China, but he felt that the permanent measures he was standing for were so important that they warranted him in braving the immediate criticism. And he was frank afterward in saying that the decisions made were unsatisfactory to him. At the Conference between the President and the Senate Committee on Foreign Relations, on August 19, 1919, the following exchange took place:

> Senator JOHNSON of California. And the decision ultimately reached at the Peace Conference was a disappointment to you?
>
> The PRESIDENT. Yes, sir; I may frankly say that it was.

The exact record of what was done at Paris regarding the Japanese controversy, chiefly relating to the Chinese province of Shantung, is more important, at least to Americans, than any other. The Japanese settlement was in two parts, the first set forth in a single page of the Treaty itself (Articles 156, 157, 158) and the second, a special, unsigned understanding among the Allies. This special understanding or declaration made by Japan grew out of important secret discussions in the Council of Four, none of which has yet had publication. In no other crisis is it so important to know exactly what President Wilson said and did, exactly what the Japanese delegates proposed and accepted, exactly the objections and arguments of the Chinese, exactly the attitude of the British and the French. While such secret discussions as those of the Council of Four have at the time palpable dangers and defects, they also have the great virtue of revealing, as no public discussion could possibly do, the real minds, the true attitudes, of the various leaders. And this is especially important in the case of the sphinx-like Japanese. In a memorandum on August 6, 1919—

after his return from Paris—President Wilson said that certain references in a statement by Baron Uchida regarding Japanese policy relative to Shantung "might be misleading if not commented upon in the light of what occurred in Paris." He recalled at that time the unsigned understanding of the Allies with Japan, in order, as he said, "to throw a fuller light of clarification upon a situation which ought to be relieved of every shadow of obscurity or misapprehension."

It is the intent of these chapters on the Japanese-Chinese crisis to give this "fuller light of clarification" by setting down what happened, with as complete a presentation as possible of the actual records and documents from among President Wilson's papers.

Japan had two purposes at Paris:

First, a more complete recognition of her status as a great Power, equal to any other. From the very first she sought a place as one of the principal allied and associated powers and while so admitted, though against the judgment of France, she was not taken into the Supreme Council of Four, except when Far Eastern questions were discussed. This desire was also expressed in her demand that the Covenant of the League of Nations provide for "the equality of the nations and the just treatment of their nationals." It was also expressed in her steady pressure for representation on the Reparations Commission, the International Labour Board, and other similar arrangements.

Second, a recognition of her right to deal with China unhampered by the other powers. This was expressed in her insistent demand that the former German concessions in China be surrendered without condition to her, with the future disposition of these rich possessions left for decision solely between herself and China. She also

demanded the ownership without restrictions of the former German islands in the North Pacific, according to her secret treaty with Great Britain and France.

In short, Japan desired all the advantages of full equality and coöperation with the other world powers in the Councils at Paris and in the League of Nations (indeed, she desired a special recognition of her racial equality), and on the other hand she wanted the right to play a lone hand in the Pacific, where her selfish interests were involved. These aims, pressed to their ultimate, were, of course, absolutely contradictory and self-destructive. A nation, no more than a man, can enjoy *all* the benefits of team-play and at the same time seize greedily upon *all* the spoils. And yet this paralyzing duality of purpose infected Paris like a wasting disease. No nation escaped it, no nation would listen to the President's warnings of the danger of such a course: that it was impossible with one foot in the Old Order and the other in the New to arrive anywhere. Thus France wanted for her security all the advantages of the new guarantees of the League, and at the same time all the advantages of the old militarism and the old diplomacy—an army on the Rhine. Even America was eagerly willing to accept all the advantages of the Versailles Treaty, and yet wished to retain and enjoy all the rights and privileges of isolation—a position utterly absurd.

This duality of interest goes to the core of the problem of the Far East: how far does Japan intend to pursue her own unrestricted way with China and indeed all eastern Asia, and how far does she intend to work in coöperation with America and other Western nations? Is China only a Japanese problem, or is it a world problem?

The same double-mindedness also extended to the delegates themselves, and in the case of certain nations—

Italy, for example—resulted in a practical paralysis of efficient action. It was perhaps exhibited least of all by the Japanese and yet it was there and plainly evident at every turn. For Japan, like other nations, is torn by parties and divided as to aims. While the controlling element in Japan may have accepted, as has frequently been charged, the Prussian model in its foreign diplomacy, yet there are also liberal and democratic forces at work in Japan. Thus at Paris Baron Makino could be counted upon to support the new coöperative ideas; and he was deeply interested in the League of Nations. Very early in the Conference, January 22, we find him expressing his view of the League of Nations:

> Baron MAKINO . . . desired to say that Japan was sincerely desirous of coöperating with the Great Powers in this work, having for its object the future welfare of mankind.[1]

Viscount Chinda, on the other hand, had his eye always on the islands and the rights in Shantung, and was sharp in his demands that the material interests of Japan be served. Yet the difference of attitude between Makino and Chinda never shook the Japanese unity of purpose, which was inexorably dictated from Tokio. And at Tokio the old military party or clique was in control.

Japan was in a stronger position to get what she wanted at Paris than any other nation except the United States. She had been little hurt, indeed much strengthened, by the war both economically and in military armament. Her only dangerous rival in the Far East, Germany, had been crushed. She was far distant from Europe and supreme in her own sphere. But more than this, she was, by virtue not only of her position but of her foresight, in an extraordinarily strong legal position. In the first

[1]Secret Minutes, Council of Ten, January 22.

place, she had her treaty of alliance (renewed in 1911) with Great Britain. She had also the secret agreements of 1917 with Great Britain and France (and Italy and Russia) under which her claims to the "disposal of Germany's rights in Shantung and possessions in the islands north of the equator on the occasion of the Peace Conference" were formally approved.[1] These secret treaties were made before America came into the war. Japan had also the (partly) secret treaties with China of 1915 and 1918 providing for the future disposition of Shantung.

Finally, Japan had the powerful nine points of actual possession, both of Shantung and of the islands, with no real threat from any source except from weak and disorganized China.

We may now come to the actual record of what happened.

The Japanese problem did not arise until January 27, two weeks after the Council of Ten began its sittings. Lloyd George had precipitated the demand of the British dominions for the possession of the former German colonies—especially the islands of the Pacific—and Wilson had countered with his proposals for a new mandatory system of control. It appeared at once that he was opposing also the Japanese, who, like the Australians and New Zealanders, wanted no mandatory system, but actual annexation.

President WILSON suggested that the question of the Pacific should first be taken up and a decision reached as to whether the mandatory principle should or should not apply in that area. . . . He therefore proposed that the Japanese case should be heard in the presence of the Chinese delegates.

[1]See Chapter III for more complete description of these secret agreements.

But the Japanese did not wish to have the Chinese present.

Baron MAKINO said . . . He did not wish to discuss in the presence of the Chinese delegates Japanese relations with Germany.

President WILSON said he did not understand Baron Makino to contend that the disposition of Kiauchau did not affect China.

It was decided, therefore, that China should attend: and on the same afternoon, with Japan represented by Makino, Matsui, and Saburi, and China represented by Wang, Koo, and Chao, Baron Makino set forth the claims of Japan. The Japanese were always brief and to the point.

The Japanese Government [said Baron Makino] feels justified in claiming from the German Government the unconditional cession of:

(a) The leased territory of Kiauchau together with the railways and other rights possessed by Germany in respect of Shantung province.

(b) All of the islands in German possession in the Pacific Ocean north of the equator together with the rights and properties in connection therewith.

He then related how Japan, upon the outbreak of the war, after "consultation with the British Government conformably with the agreement of 1911," had taken Shantung, and later the Pacific Islands, from the Germans and was now in possession of them.[1]

In this first statement the Japanese asked only for the complete acquisition of the former German possessions and said nothing either of Chinese rights or of the mandatory system. On the following day six Japanese were present and three Chinese, and Dr. Wellington Koo made an eloquent representation of the Chinese case.

[1]Secret Minutes, Council of Ten, January 27.

Mr. Koo said . . . he was the spokesman of one quarter of the human race. The Chinese delegation would ask the Peace Conference for the restoration to China of the leased territory of Kiauchau, the railway in Shantung and all other rights Germany possessed in that province before the war. . . . The history of the lease to Germany was doubtless familiar. The Lease had been extorted by force. . . . The pretext . . . was the accidental killing of two missionaries. . . . On the principles . . . accepted by this Conference, China had a right to the restoration of these territories.

He spoke then of the fact that Shantung was the Holy Land of the Chinese, the home of Confucius, with a great hold upon the affections of the Chinese, that it was already crowded with 36,000,000 people and, therefore not suitable for colonization, and finally, that its control meant the virtual control also of China and the capital of China.

Baron MAKINO said that he had listened with great attention to what had fallen from his Chinese colleagues concerning the direct restoration of Kiauchau to China. . . There was, however, one point he wished to make clear. Japan was in actual possession of the territory under consideration. It had taken it by conquest from Germany. Before disposing of it to a third party it was necessary that Japan should obtain the right of free disposal from Germany.

President WILSON pointed out that the Council was dealing with territories and cessions previously German without consulting Germany at all.

Baron MAKINO said that the work now in hand was one of preparation for the presentment of the case to Germany. It followed therefore that the cession of Kiauchau would have to be agreed upon by Germany before it was carried out. What should take place thereafter had already been the subject of an interchange of views with China.

The "interchange of views" here referred to by Makino —the famous notes of 1915 and 1918—will be discussed

in the following chapter, for they were not laid before the Council until April.

But Mr. Koo returned to his contention that China wished Shantung restored directly, not indirectly, to her. "It was always easier to take one step than two, if it led to the same place."

He claimed that "China's entry into the war had completely altered her status," and that she was no longer bound by the agreements with Japan.[1]

In short, here was the issue clearly joined: China was suspicious and fearful of Japan and wanted Shantung and everything in it returned to her directly; Japan demanded the "unconditional cession" of these possessions from Germany but recalled her pledge to restore Kiauchau later to China. China was thus strong for basing her rights on international action and sought future security in international sanctions. Japan, on the other hand, based her claims on the secret agreements with China (the secret agreement of 1917 with the Allies had not yet come out in the Councils) and desired a free hand in the Pacific.

With these statements the whole problem of Shantung practically disappeared from the discussions until the middle of April. But the Japanese, being represented in the Councils of Ten and Five, while the Chinese were not, possessed a great advantage: they could from time to time press their rights, as in the discussion about the former German cables. And in one brief incident that took place on February 23, while the President was absent in America—that dangerous absence!—the Japanese secured most important admissions regarding their rights in Shantung. It will be recalled that at this time the Council of Ten were working out plans for the preliminary

[1]Secret Minutes, Council of Ten, January 28.

treaty into which they were crowding not only the military settlements, which Wilson had agreed should go in, but boundaries as well. Perceiving what the French and British were doing, the Japanese saw an opportunity for staking out their claims. The following significant discussion took place:

> Baron MAKINO inquired whether the approximate future frontiers of Germany, referred to in paragraph 2(a), included the German colonies.
>
> Mr. BALFOUR replied that it was intended to include the colonies.
>
> Baron MAKINO thought that, in that case, leased territories of Germany should also be included. . . .
>
> M. MATSUI inquired, with reference to paragraph 2 (a), whether that would include all rights, such as rights over the railways and mines in China acquired by Germany.
>
> Mr. BALFOUR thought that the words "*inter alia*" would cover such questions.
>
> Mr. LANSING agreed. . . .[1]

The foundations for their specific claims to territory were thus laid in the Council of Ten. The Japanese on February 13 took up the other and broader aspects of the settlements in the League of Nations Commission. And here the Japanese were on high ground and grappling with a problem—that of racial relationships—which during the next century or so is destined to play a great part in world affairs. We had at Paris the representatives of several powerful race groups, all asserting a new racial dignity, all working for the recognition of a new equality. Not only were there the powerful Japanese and Chinese, but there was a Jewish group and a Negro group. And no problems raised at Paris struck fire sooner than these: the hostility of the Poles to the Jews, the feeling of the Australians toward the Japanese, and so on.

[1] Secret Minutes, Council of Ten, February 23.

In no set of problems is there such need in the future, not of hasty judgment, but of patient effort to understand. So much of the distrust of one race toward another is due to what a French writer, Michel Corday, calls the primitive instinct of the beast which "forces him to attack whatever does not resemble him."

The Japanese are a proud and sensitive people, feeling at once the greatness of their tradition and their present doubtful status among the nations. I remember a Japanese I met once in crossing the Atlantic. He was reading day after day a large book printed in Japanese. He told me what it was: a collection of opinions expressed by leading newspapers and public men of the world regarding the Japanese nation. It interested him profoundly. Their representatives at Paris often impressed me with a kind of inarticulate desire to make themselves better understood, without knowing quite how to do it. Says Viscount Kaneto:

> It is a weak point of the Japanese that they fail to make themselves known to others. We realize the need of being understood, but somehow we do not succeed in disclosing our real selves to others. This may be due to an inherited spirit of reserve, or to a lack of linguistic ability, or even to an absurd diffidence in public speaking. Whatever the cause may be, the results are most regrettable.

The Japanese are very different from the Chinese, who are a continental people. They do not learn foreign languages as easily or perfectly. The Chinese at Paris were practically all American or British educated and spoke English fluently. They were much more open, outright, and frank than the Japanese. We had one of them, Mr. Wei, who blew into our office as breezily every day or so as any American and was on familiar terms with everyone. But the Chinese as a whole lacked experience,

for the scarcity in China of men educated in the West has made it necessary to pick young college graduates for highly responsible diplomatic positions, and they are not yet the equals in experience to the trained and very able Japanese.

So it was that the Japanese made a determined attempt to improve their racial and national status at Paris. On February 13 Baron Makino introduced his so-called "racial equality" clause for insertion in the Covenant of the League. This was as follows:

> The equality of nations being a basic principle of the League of Nations, the High Contracting Parties agree to accord, as soon as possible, to all alien nationals of States Members of the League, equal and just treatment in every respect, making no distinctions, either in law or fact, on account of their race or nationality.

Baron Makino made a strong speech in support of this claim—a speech marked with idealistic and democratic ideas:

> It is not necessary to dwell on the fact that racial and religious animosities have constituted a fruitful source of warfare among different peoples throughout history, often leading to deplorable excesses . . . I am aware of the difficult circumstances that stand in the way of acting on the principle embodied in this clause, but I do not think it insurmountable if sufficient importance is attached to the consideration of serious misunderstanding between different peoples which may grow to an uncontrollable degree. . . . What was deemed impossible before is about to be accomplished. The creation of this League itself is a notable example. If this organization can open a way to the solution of the question, the scope of the work will become wider and enlist the interest of a still greater part of humanity.
>
> As a result of this war, the wave of national and democratic spirit has extended to remote corners of the world, and has given additional impulse to the aspirations of all peoples; this impulse once set in motion . . . cannot be stifled, and it would be imprudent to treat this symptom lightly.

But this claim of the Japanese struck fire at once. What did it mean in terms of Japanese rights in Australia, Canada, California? What about Jews in Poland? Indians in South Africa?

Lord ROBERT CECIL remarked that this subject had been dealt with in long and difficult discussions. It was a question which had raised extremely serious problems within the British Empire. It was a matter of a highly controversial character, and, in spite of the nobility of thought which inspired Baron Makino, he thought that it would be wiser for the moment to postpone its examination.

In this great question of world policy, it is highly significant that the Chinese, though suspicious of the Japanese in every other way, came here to their support.

Mr. Koo stated that . . . he was naturally in full sympathy with the spirit of the proposed amendment.[1]

Indeed, the question was here plainly raised: If the Western white races do not recognize the equality of the Asiatic races, will these Eastern races, which number half of the human race, be forced to a new kind of racial alliance?

While the Japanese were put off here in the League of Nations Commission exactly as they had been in the Ten, they did not cease to press their contention. Just as the President was preparing to sail again for Europe (March 4) after his week in America, the Japanese Ambassador hurried to the State Department with a communication which was placed in the President's hands just as he was sailing. It is veiled in the politest diplomatic language but the seriousness of its purpose cannot be doubted. It follows in full:

[1]Minutes, League of Nations Commission, pp. 63–64.

The Japanese Government are much gratified to perceive the just and disinterested spirit in which the President is using his best endeavours to secure an enduring peace of the world. They also are sincerely grateful for the sympathy and support which the President and the American peace delegation were friendly enough to give to the proposition of the Japanese delegation on the question of doing away with race discriminations. In view of the fundamental spirit of the League of Nations the Japanese Government regards as of first importance the establishment of the principle that the difference of race should in no case constitute a basis for discriminatory treatment under the law of any country. Should this great principle fail of general recognition the Japanese Government do not see how a perpetual friction and discontent among nations and races could possibly be eliminated. If such be the case, they are gravely concerned that the smooth functioning of the League of Nations itself will be seriously hampered. The Japanese Government are therefore disposed to continue their efforts for the adoption of this just and equitable proposition and they permit themselves to confidently hope that the President give further friendly support to them in this matter. As for the form and wording of the proposition, the Japanese Government have no intention to insist on the adoption of the original draft and any suggestion from the President on this point will be entertained with great pleasure.

When the President returned to Paris on March 15 he was plunged at once, as former chapters have shown, into the terrific struggles with the French of the Dark Period and Far Eastern questions were inevitably crowded aside. While the French claims were under discussion the Japanese were not even present at the Conferences, for they were not directly concerned. But when the era of compromise between Clemenceau and Wilson began, on April 8, and there were assurances that the three great Powers, America, France, and Great Britain, would stand together and make peace because peace had to be made, the Japanese again began to press their claims, and the issue was joined first on the demand for racial equality

in the League of Nations Commission on April 11. Here the Japanese, while willing to modify the wording of their clause to make it a mere phrase in the preamble endorsing "the principle of the equality of Nations and the just treatment of their nationals," were determined to have it acted upon. Baron Makino again made a strong appeal:

> I think it only reasonable that the principle of the equality of nations and the just treatment of their nationals should be laid down as a fundamental basis of future relations in this world organization . . . It is not intended that the amendment should encroach on the internal affairs of any nation. . . . This amendment does not fully meet our wishes, but it is an attempt to conciliate the viewpoints of different peoples.

The chief objection came from the British—because of the attitude of the Dominions toward the Japanese and Chinese.

> Lord ROBERT CECIL regretted that he was not in a position to vote for this amendment although he was personally entirely in accord with the idea advanced by the Japanese delegation.

He feared "encroaching on the Sovereignty of States" and argued that with Japan represented on the Executive Council of the League she was placed "in a situation of complete equality with the other Great Powers," and that it "would always be possible for her to raise her question of equality of races."

Viscount Chinda, the Japanese delegate who always brought pressure to bear or made threats, responded that "Japanese public opinion was so strongly behind this amendment that he asked the Commission to put it to the vote. If the amendment were rejected, it would be an

indication to Japan that the equality of members of the League was not recognized and as a consequence the new organization would be most unpopular. . . . Public opinion in Japan was very much concerned over this question, and certain people have even gone so far as to say that Japan would not become a member of the League of Nations unless she were satisfied on this point."

This was, of course, a threat.

In the discussion which followed, it appeared that not only the Chinese (Mr. Koo) were in favour of the Japanese amendment but it was strongly supported by the Italians, French, Czechoslovaks, and Poles—in short, a majority of those present. The following important colloquy took place—the meat of the decision:

President WILSON felt that the greatest difficulty lay in controversies which would be bound to take place outside the Commission over the Japanese proposal, and that in order to avoid these discussions it would perhaps be wise not to insert such a provision in the preamble. The equality of nations was a fundamental principle of the League of Nations. It was the spirit of the Covenant to make a faithful attempt to place all nations upon a footing of equality, in the hope that the greater nations might aid the lesser in advantageous ways. Not only did the Covenant recognize the equality of States, but it laid down provisions for defending this equality in case it should be threatened.

Baron MAKINO said he did not wish to continue an unprofitable discussion, but in these matters he was representing the unqualified opinion of the Government of Japan. Therefore he could not avoid the necessity of asking the Commission to make a definite decision in this matter and he had the honour of asking his fellow members to vote upon the question of the insertion of his amendment in the preamble.

A vote was taken and eleven out of seventeen were recorded in favour of the amendment.

President WILSON declared that the amendment was not adopted inasmuch as it had not received the unanimous approval of the Commission.

Mr. LARNAUDE called attention to the fact that a majority had voted in its favour.

President WILSON admitted that a majority had so voted, but stated that decisions of the Commission were not valid unless unanimous, and the Japanese amendment had not received unanimous support. . . .[1]

The Japanese had thus lost out in one of their main contentions—a matter which closely touched their pride and exactly as in the case of the French and Italian settlements, attacks began in their press upon the President. The Osaki *Mainichi*, for example, referred to the President's "dangerous justice" and charged him with having a "female demon within him." Whatever happened at the Conference the President had to take the lion's share of the blame for it.

But a rebuff here only served to harden the Japanese determination in forcing their territorial claims in the Councils. Indeed, there is little doubt that the claims were played off against each other, the loss of the first contention making the second more difficult to deal with. When the Germans were summoned, on April 14, and nothing had been done about Shantung, the Japanese began to be seriously concerned. They suspected, just as the Italians did, that a policy of delay might shelve their settlements until after the German treaty was signed; and indeed, there is evidence in the record that this was Mr. Lloyd George's intent. Consequently, they began immediately to press their claims. And they were now, as the President told Lloyd George and Clemen-

[1]Minutes, League of Nations Commission, pp. 105–107.

ceau, "very stiff about it."[1] A crisis immediately developed in which, for a time, it was doubtful whether the Japanese might not follow the Italians in drawing out of the Conference. But some settlement had to be reached before the Treaty could be handed to the Germans on May 7.

[1]Secret Minutes, Council of Four, April 21.

CHAPTER XXXVI

The Problem of Shantung—Japanese Tactics and Ultimatum—Wilson and the Japanese and Chinese

THE Japanese crisis was now at its bitterest. Having lost out in their first great contention at Paris—the recognition of "racial equality" in the Covenant of the League—they came to their second, the territorial demands, with a kind of cold determination. They presented to the Conference what was practically an ultimatum.

> The Japanese delegation [declared Viscount Chinda] were under an express order in the case that the question [of Shantung] was not settled . . . they were not allowed to sign the treaty.[1]

They not only demanded a settlement exactly on the lines they had laid down, but they insisted upon immediate action.

President Wilson knew that the entire weight of the struggle, in this crisis, would rest upon him, that the influence of both Lloyd George and Clemenceau, who were indeed bound by the secret agreements of 1917, would be against him. He gave to no problem that arose at Paris more concentrated effort, for the very essence of his programme of the peace was bound up in it. Could he get a settlement on a basis of international coöperation? Or must he allow the settlement to slip back to the old basis of nationalistic competition and secret and limited

[1] Secret Minutes, Council of Four, April 22.

alliances? He was profoundly convinced that no hope existed for future peace in the world, nor any justice to China, except through true international action.

In order to understand clearly the discussion of these complicated problems by the Four, consider first, briefly, the main factors in the situation.

For nearly a hundred years Western nations—especially Great Britain, France, and Russia—had been steadily encroaching upon China, seizing territory and exploiting the resources for their own benefit, at best bringing to China Western ideas and Western commerce, at worst debauching the Chinese with opium. Germany was the more rapacious for coming late into this great game of "grab" and, taking as an excuse the murder of two missionaries, seized the gateway which practically controlled the rich province of Shantung. The United States took no part in this game of "grab," but stood upon the negative policy of the "open door"—that is, the right of all nations to trade on an equal basis in China. Japan, awakening late to the situation, was alarmed at these European aggressions in China—for she feared that they meant a diminishing opportunity for her own expanding ambitions. She considered that she had better warrant for claiming China as her natural sphere of influence than any Western nation. If America had a Monroe Doctrine to keep all other nations out of South America, why could not Japan assert a similar doctrine as to eastern Asia? She also began playing the game of grab in 1894 when she first entered Korea, which she finally swallowed whole in 1910. Her victory in the Russo-Japanese War of 1904-05 enormously increased her own self-confidence and added to her prestige. In 1905 she succeeded to the Russian sphere of influence at Port Arthur and has steadily extended her power there.

When the World War broke out in 1914, with European energies fully occupied with their own difficult affairs, Japan realized her new opportunity. Within a few weeks after the Battle of the Marne, despite the efforts of Great Britain and the United States to dissuade her and keep the war out of China, she issued an ultimatum to Germany demanding the surrender of Kiauchau, but promising to return it to China, to whom, of course, it really belonged. When nothing happened Japan, assisted by Great Britain, captured the port. Instead of returning it to China, however—she had made no promise as to time!—she took over the Shantung railroad and enforced a control in the province more extensive and drastic than Germany had ever attempted. She also engaged in the familiar business of trafficking with corrupt Chinese officials. She permitted her traders to spread the demoralizing opium traffic. All this aroused the bitter suspicion and hatred of the Chinese people, who demanded that the Japanese withdraw, and later began to boycott everything Japanese.

In January, 1915, the Japanese, still eagerly improving the opportunities presented by the preoccupation of Europe, presented to China the famous or infamous "Twenty-one Demands," part of which were kept secret from the outside world. These demands, if accepted entire, would have made China practically a vassal of Japan. When China objected, Japan sent a forty-eight-hour ultimatum (on May 7), and China was forced to submit to a large proportion of them. And one of them gave Japan a secure foothold in the vast rich provinces of Manchuria. Since then she has entered Siberia and still sits there.

As to Shantung, its disposal was provided for in two sets of agreements between Japan and China, one con-

cluded on May 25, 1915, the other September 24 and 28, 1918.

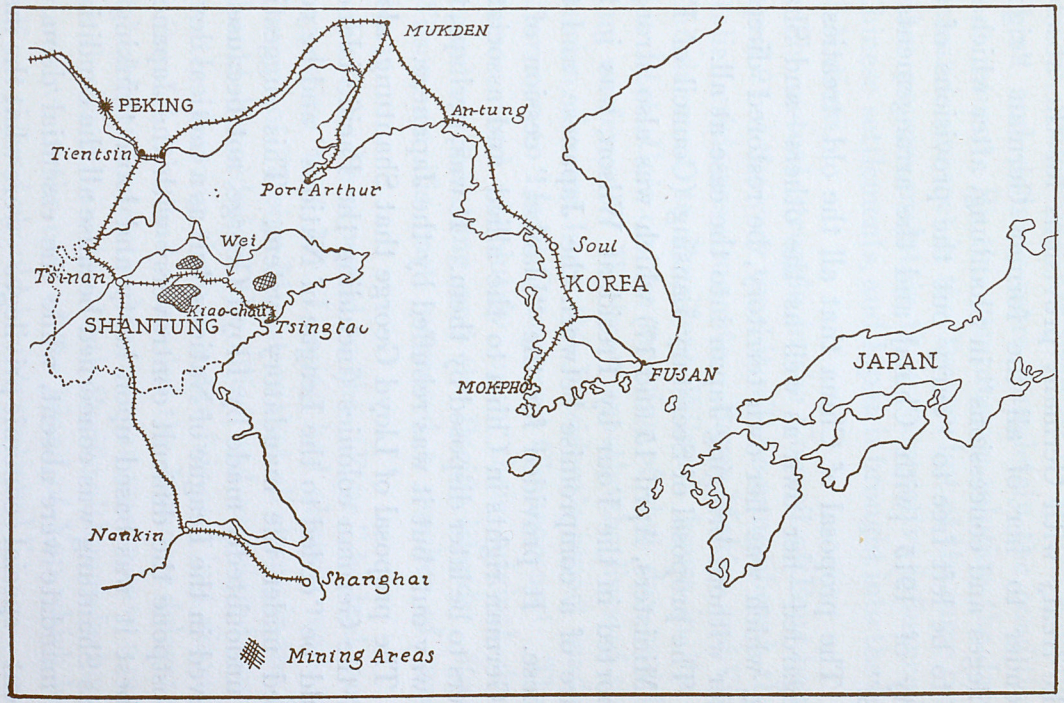
Japan, in these agreements, provided that when, after the war, she was free to dispose of the territory she had taken from Germany she would restore it to China upon certain conditions, the principal ones being that Kiauchau should be a free port, that Japan should have a concession there, and that the important Shantung railroad should become a joint Chino-Japanese enterprise with a "police force" directed by the Japanese. In short, while the Japanese were agreeing to return Kiauchau to China they were actually demanding—so the Chinese assert—more rights than the Germans ever had. The Chinese, with painful awareness of what Japan had already done in Korea, at Port Arthur, and in Manchuria, had no confidence whatever in Japanese policies and feared being left at the mercy of Japan.

Early in 1917 Japan took still another advantage of the war in Europe to assure herself of her new possessions and rights. Before she would grant her naval assistance against the ravages of the German and Austrian submarines in the Mediterranean she extorted the profoundly important secret agreements with Great Britain and France (February, 1917) under which these great nations agreed to support her claims in regard to the disposal of Germany's rights in Shantung and also agreeing that Japan was to have all the former German islands north of the equator, and Great Britain all of those south of the equator.[1]

Such was the situation, the almost impregnable diplomatic position of Japan, when the Peace Conference attacked the problem. Five definite proposals for meeting it soon emerged:

1. That of Japan, which was designed to carry forward

[1]See Chapter III on Secret Treaties for a more complete account.



Map showing Shantung and its relation to Japan

her already well-formulated policy. She wanted inserted in the treaty with Germany provisions for the absolute surrender to her of all the former German "rights, privileges and concessions" in Shantung, after which she was to be left free to "carry out the provisions of the treaty of 1915 [with China] and the arrangements of 1918."

2. The proposal of China that all the old treaties be disregarded—her own as well as the others—and Shantung, which was her own territory, be restored directly to her without bringing Japan into the case at all.

3. The proposal of Secretary Lansing (Council of Foreign Ministers, April 15 and 17) which was also strongly supported in the Four by President Wilson, was in the nature of a compromise between the Japanese and the Chinese. It provided for the "blanket" cession of all the German rights in China to the allied and associated powers to be later disposed by them. It was, perhaps, the best way out, but it was rebuffed by the Japanese.

4. The proposal of Lloyd George that Shantung, along with the German colonies (including the Pacific islands) should be "ceded to the League of Nations" and be controlled under the mandatory system. This suggestion was undoubtedly made by Lloyd George, not because he believed in the League of Nations, but as a tactical device to postpone the difficult controversy with the Japanese. At best it was based upon hasty and loose thinking so far as Shantung was concerned because all the conditions of a mandate were absent, while the essential demands present—special economic privileges—were what the mandatory system aimed to get rid of.

5. The final proposal, which was adopted, was suggested by President Wilson. Shantung was to be ceded to Japan in the actual Treaty, but Japan was to make

a separate declaration, or agreement, with the other powers, reaffirming her promise to return Shantung to China and defining more completely the conditions of that return. By this compromise solution the Japanese demands are met in the Treaty, but at the same time the other powers maintain their coöperative influence in the Chinese settlements, and Japan is brought into the League of Nations.

The actual struggle in the Council of Four began on April 21 at the very time, it will be remembered, that the Italian crisis was also acute. Baron Makino and Viscount Chinda went to President Wilson's house in the Place des États-Unis on the morning of that day and held a long conference. We know exactly the lines of the discussion, for we have the President's report made that afternoon to Lloyd George and Clemenceau.[1] The Japanese stood absolutely upon their original demands regarding Shantung and the Pacific islands. President Wilson, on his part, proposed a number of modifications.

First, as he reported to the "Four," he had made the suggestion that Mr. Lansing had already made at the Council of Foreign Ministers that all claims in the Pacific should be ceded to the allied and associated powers as trustees, leaving them to make fair and just dispositions.

Second, "he had reminded the Japanese delegates that it had been understood that Japan was to have a mandate for the islands in the North Pacific although he had made a reserve in the case of the island of Yap which he himself considered should be international."

Third, and here he made a suggestion that touched the other Allies to the quick, that all "spheres of influence in China be abrogated"—not only Japanese but British

[1]Secret Minutes, Council of Four.

and French. He said "the interest of the world in China was the 'open door.'" The Japanese, as the President remarked, "replied that they were ready to do this," but there was no response from either Lloyd George or Clemenceau. While they were willing enough to help get Japan out of China, they were unwilling to purchase her abandonment of her position by renunciations of their own spheres of influence!

All of these suggestions, of course, were aimed directly at getting the Pacific and Far Eastern settlements based upon international action (just as China desired)—the control of the islands in the League of Nations, and the disposition of Shantung in the hands of the Powers—but the Japanese were, as the President said, "very stiff about it." They wanted the full possession of the islands; they "insisted that Germany should resign the whole of her interests in Kiauchau to the Japanese and that the Powers should trust Japan to carry out her bargain with China." They were absolutely set on obliging China to carry out the bond.

Mr. Lloyd George suggested that it [Shantung] ought to be ceded to the League of Nations.

President Wilson said that the Japanese were too proud to accept this solution . . . to be perfectly fair to the Japanese he thought they would interpret this as a challenge of their good faith. He had put it to the Japanese representatives that the peace of the Far East depended more on Chino-Japanese relations than on anything else. China was full of riches. It was clearly to the advantage of Japan to take the most generous position towards China and to show herself as a friend. The interest of the world in China was the "open door." The Japanese had assented and expressed benevolent intentions.

Mr. Lloyd George pointed out that it was the triumph of the Great Powers in the West that enabled Japan to make this arrangement. He felt strongly that Japan should be in the same position

as other States. Otherwise other nations could insist on the same right.[1]

On the next day the Japanese themselves came to the Council and Baron Makino again set forth the Japanese claims, described the agreements of 1915 and 1918 with China, asserted that the declaration of war by China had not abrogated them, and that China had "actually received the advance of 20,000,000 yen according to the terms of the above agreements."

Baron Makino then handed around a draft of the clauses which the Japanese delegation wished to have inserted in the Peace Treaty with Germany and which ultimately became, with little change, Articles 156, 157, and 158 of that treaty.[2]

[1]Secret Minutes, Council of Four, April 21.

[2]Following is the text of Articles 156, 157, and 158 of the Treaty:

ARTICLE 156

Germany renounces, in favour of Japan, all her rights, title, and privileges—particularly those concerning the territory of Kiauchau, railways, mines and submarine cables—which she acquired in virtue of the Treaty concluded by her with China on March 6, 1898, and of all other arrangements relative to the Province of Shantung.

All German rights in the Tsingtao-Tsinanfu Railway, including its branch lines, together with its subsidiary property of all kinds, stations, shops, fixed and rolling stock, mines, plant and material for the exploitation of the mines, are and remain acquired by Japan, together with all rights and privileges attaching thereto.

The German State submarine cables from Tsingtao to Shanghai and from Tsingtao to Chefoo, with all the rights, privileges and properties attaching thereto, are similarly acquired by Japan, free and clear of all charges and encumbrances.

ARTICLE 157

The movable and immovable property owned by the German State in the territory of Kiauchau, as well as all the rights which Germany might claim in consequence of the works or improvements made or of the expenses incurred by her, directly or indirectly, in connection with this territory, are and remain acquired by Japan, free and clear of all charges and encumbrances.

ARTICLE 158

Germany shall hand over to Japan within three months from the coming into force of the present Treaty, the archives, registers, plans, title-deeds and documents of every kind, wherever they may be, relating to the administration, whether civil, military, financial, judicial or other, of the territory of Kiauchau.

Within the same period Germany shall give particulars to Japan of all treaties, arrangements or agreements relating to the rights, title or privileges referred to in the two preceding articles.

Up to this time Lloyd George and Clemenceau had taken practically no part in the discussion. The President turned to them now and said that they had heard from the Japanese and that "he [President Wilson] had laid what was in his own mind before all present." He now wanted to know the "impression formed by Mr. Lloyd George and M. Clemenceau."

It is significant that in all these discussions at Paris, the old secret treaties sooner or later emerged. Up to this time nothing had been said in the Councils regarding the secret agreement of February, 1917. Lloyd George now produced it and the following conversation took place:

> Mr. LLOYD GEORGE said that so far as Great Britain was concerned they were in the same position towards Japan as towards Italy. They had a definite engagement with Japan, as recorded in the Note of the British Ambassador at Tokio, dated 16th February, 1917. Hence, so far as Great Britain was concerned, there was a definite engagement . . . the Japanese Government had undertaken to support the British claims south of the Equator, and the British Government had undertaken to support the Japanese claims in the islands north of the Equator. . . .
>
> Baron MAKINO said that Japan had expressed her willingness to support the British claims.

But here Lloyd George, by again advancing his suggestion that Shantung be assigned as a mandate under the League of Nations, attempted to use his familiar device of postponement. To this the Japanese at once responded in most vigorous terms:

> Viscount CHINDA asked if it was merely proposed to postpone this question: to put it in abeyance? The Japanese . . . had a duty to perform to China in this matter, and they could not carry out their obligation to China unless Kiauchau was handed over to them. They were under an express instruction from their Government that

unless they were placed in a position to carry out their obligation to China they were not allowed to sign the Treaty. Consequently, they had no power to agree to a postponement.

Baron MAKINO said that if the Treaty were ignored, it would be a very serious matter for Japan.

President Wilson now began to probe the Japanese as to what they actually meant by their promises of restoration to China. He said the notes (of 1915 and 1918) which Chinda cited were "not very explicit." He wanted to know, for example, what was meant by the term "joint administration" of the railroads in Shantung, the "training school," the "police force," and the "concessions about exploitation"; and here a most interesting and interpretive colloquy took place regarding the economic riches of Shantung—with the Japanese plainly endeavouring to minimize the value of those riches.

President Wilson then made a declaration of the American attitude toward the whole problem, so important as a statement of international principles that it is here almost fully quoted:

President WILSON pointed out that, as had happened in many instances, he was the only one present whose judgment was entirely independent. His colleagues were both bound by treaties, although perhaps he might be entitled to question whether Great Britain and Japan had been justified in handing round the islands in the Pacific. This, however, was a private opinion. . . . He was so firmly convinced that the Peace of the Far East centred upon China and Japan that he was more interested from this point of view than any other. . . . He was anxious that Japan should show to the world as well as to China that she wanted to give the same independence to China as other nations possessed; that she did not want China to be held in manacles. What would prejudice the peace in the Far East was any relationship that was not trustful. . . . What he feared was that Japan, by standing merely on her treaty rights, would create the impression that she was thinking more of

her rights than of her duties to China. The world would never have peace based on treaty rights only unless there were also recognized to be reciprocal duties between States. Perhaps he was going a little too fast in existing circumstances, but he wished to emphasize the importance in future that States should think primarily of their duties towards each other. The central idea of the League of Nations was that States must support each other even when their interests were not involved. When the League of Nations was formed then there would be established a body of partners covenanted to stand up for each other's rights. The position in which he would like to see Japan, already the most advanced nation in the Far East with the leadership in enterprise and policy, was that of the leader in the Far East standing out for these new ideas. There could be no finer nor more politic rôle for her. That was what he had to say as the friend of Japan. . . . What he was after was to attain a more detailed definition as to how Japan was going to help China as well as to afford an opportunity for investment in railways, etc. He had hoped that by pooling their interest the several nations that had gained a foothold in China (a foothold that was to the detriment of China's position in the World) might forego the special position they had acquired and that China might be put on the same footing as other nations, as sooner or later she must certainly be. He believed this to be to the interest of everyone concerned. There was a lot of combustible material in China and if flames were put to it the fire could not be quenched, for China had a population of four-hundred million people. It was symptoms of that which filled him with anxiety. Baron Makino and Viscount Chinda knew how deep-seated was the feeling of reverence of China towards Shantung which was the most sacred Chinese Province and he dreaded starting a flame there because this reverence was based upon the very best motives and owing to the traditions of Confucius and the foundations of intellectual development. He did not wish to interfere with treaties. As Mr. Lloyd George had remarked earlier, the war had been undertaken partly in order to establish the sanctity of treaties. Although he yielded to no one in this sentiment there were cases he felt where treaties ought not to have been entered into.

Baron Makino, referring to President Wilson's remarks in regard to the larger ideas of international relationship, said that the best opinion of Japan was at that point of view. For China, the best

opinion in Japan wanted equal opportunities or the "open door." He had convinced himself of this and was very glad of it, for he felt it would be to the advantage of both countries. He recalled, however, that international affairs in China had not always been conducted on very just lines. (Mr. LLOYD GEORGE interjected that this was undoubtedly the case.) He did not want to go into past history or to enquire where the responsibility lay, but this had been the source of the present situation. Once the unjust methods had been begun other nations followed. The best opinion, however, in Japan based itself on fairness and justice. Before he left Japan he had had a conversation with one of their elder statesmen, who had remarked to him that Japan would have to enter into a good many joint undertakings with China and must content herself to share equally, half in half, in them. This had been one of the most influential men in China [Japan?] and he had himself shared his views.

President WILSON said that he was satisfied on that point and he hoped Baron Makino would not interpret him to have expressed any doubts. He wanted that principle, however, to be shown in a concrete way to China.[1]

On the same afternoon, although the Japanese objected, the Chinese appeared before the Four. In an introductory statement the President again reviewed the Chino-Japanese notes of 1915 and 1918, reading aloud the agreement of the Chinese Minister in 1918. He then set forth the difficulties of the situation:

The Chinese delegation would see, President Wilson continued, the embarrassing position which had been reached. Mr. Lloyd George and M. Clemenceau were bound to support the claims of Japan. Alongside of them the Chinese had their exchange of notes with Japan. He reminded Mr. Koo that when urging his case before the Council of Ten at the Quai d'Orsay, he had maintained that the war cancelled the agreement with the German Government. It did not, however, cancel the agreement between China and the Japanese Government, which had been made before the war. What

[1]Secret Minutes, Council of Four, April 22.

he had himself urged upon the Japanese was that, as in the case of the Pacific Islands, the leased territory of Kiauchau should be settled by putting it into the hands of the Five Powers as Trustees. He did not suggest that treaties should be broken, but that it might be possible, in conference, to bring about an agreement by modifying the Treaty. He also proposed to them that all governments should renounce the special rights they had acquired in China, so as to put China in a position free from the special limitations which had been imposed upon her. The Japanese were not willing to have Kiauchau handed over to the Five Powers, and the British and French Governments were embarrassed by their treaties. When he pressed the Japanese for explanations of the meaning of their agreement, they had replied that the exploitation of two coal-mines and one iron-mine had not proved a successful venture, and were now bound up with the railway. They stated, however, that they would withdraw the civil administration; that they would maintain troops only on the termini of the railway; and that if a general agreement was reached, they would withdraw their extra-territoriality. They urged that they wanted a community of interest with the Chinese in the railway, and the only reserve they made was for a residential district in Kiauchau.

Mr. Koo said that the Treaties of 1915 and the subsequent exchange of notes were all part and parcel of one transaction. He hoped he had made this clear before the Council of Ten. He felt that the Treaties and notes which had been exchanged after Japan had delivered an ultimatum stood outside of the regular procedure and course of Treaties. They dealt with matters arising out of the war.

Mr. LLOYD GEORGE asked what ultimatum he referred to.

President WILSON asked if Mr. Lloyd George had never heard of the twenty-one points.

Mr. LLOYD GEORGE said he had not.

Mr. Koo then explained the tangle of treaties in which China was struggling.

Mr. LLOYD GEORGE asked if they had not appealed to the United States of America.

President WILSON said they had and the United States had intervened in regard to the infringement of sovereignty and political

independence. The whole transaction, however, had been kept extremely secret and the United States only learnt of it in a roundabout way.

Mr. Koo said that secrecy had been imposed [upon China] by Japan under severe penalties. . . . For the last four years since they had captured Kiauchau, Japanese troops had penetrated far into the Province of Shantung. . . . The Chinese Government had protested, and asked the Japanese to withdraw, but they had refused and had established troops 250 miles up the railway and extended their control.

After Mr. Koo had stated his case, Mr. Lloyd George said that "the real question was whether the [Chinese] treaty with Japan was better for China than [the transference to Japan of] Germany's rights."

This was a most clever question and the Chinese retired a moment in order to confer, and when they returned said that "both alternatives were unacceptable." They were suspicious of the Japanese intent in either case and wished Shantung—which was their own territory—returned directly to them. Here was an impasse which the President met with the appeal he so often made at Paris, for a new international point of view and for cooperation.

President WILSON [said that] . . . whatever arrangements were made both Japan and China would be members of the League of Nations, which would guarantee their territorial integrity and political independence. That is to say, that these matters would become the concern of the League and China would receive a kind of protection that she had never had before and other nations would have a right which they had never had before to intervene. Before, it had been, comparatively speaking, none of our business to interfere in these matters. The Covenant, however, laid down that whatever affected the peace of the world was a matter of concern to the League of Nations and to call attention to such was not an hostile but a friendly act. He, himself, was prepared to advocate

at the Council of the League and at the Body of Delegates that the special position occupied by the various nations in China should be abandoned. Japan declared that she was ready to support this. There would be a forum for advocating these matters. The interests of China could not then be overlooked. He was stating this as an element of security for China in the future if the powers were unable to give her what she wanted now, and he asked the Chinese delegates to think the matter over.

In response Mr. Koo made an earnest statement. He said that he could not lay too much emphasis on the fact that the Chinese people were now at the parting of the ways. The policy of the Chinese Government was coöperation with Europe and the United States as well as with Japan. If, however, they did not get justice, China might be driven into the arms of Japan. There was a small section in China which believed in Asia for the Asiatics and wanted the closest coöperation with Japan. The position of the Government, however, was that they believed in the justice of the West and that their future lay there. If they failed to get justice there, the consequential reaction might be very great.

President Wilson responded by again showing the "quandary in which the Powers" found themselves, the entanglement of old treaties ("we could not undo past obligations"), and that the "undoing of the trouble" depended on all the nations uniting to secure justice.

Mr. Koo said he believed prevention to be better than cure. He thought that the object of the peace was to undo unfortunate engagements.

Mr. Lloyd George said the object of the war was not that. The war had been fought as much for the East as for the West. China also had been protected by the victory that had been won. If Germany had won the war and had desired Shantung or Pekin, she could have had them. The very doctrine of the mailed fist had been propounded in relation to China. The engagements that had been entered into with Japan had been contracted at a time when the support of that country was urgently needed. He would not say

that the war could not have been won without this support. But he could say that Kiauchau could not have been captured without Japanese support. It was a solemn treaty and Great Britain could not turn round to Japan now and say "All right, thank you very much. When we wanted your help, you gave it, but now we think that the treaty was a bad one and should not be carried out." Within the treaties he would go to the utmost limits to protect the position of China. On the League of Nations he would always be prepared to stand up for China against any oppression, if there was oppression. China was a nation with a very great past and, he believed, with a still greater future. It would, however, be of no service to her to regard treaties as von Bethmann Hollweg had regarded them, as mere scraps of paper to be turned down when they were not wanted.

M. CLEMENCEAU said that Mr. Koo could take every word that Mr. Lloyd George had said as his also.[1]

In this crisis President Wilson was confronted by the greatest difficulties; for he was just then also at the height of the Italian struggle. On April 23 he had issued his bold message to the world regarding the disposition of Fiume, as elsewhere described, and on the next day the Italian delegation departed from Paris with the expectation that their withdrawal would either force the hand of the Conference or break it up. While this crisis was at its height the Belgian delegation, which had long been restive over the non-settlement of Belgian claims for reparations, became insistent. They had no place in the Supreme Council and they were worried lest the French and British—neither of whom could begin to get enough money out of Germany to pay for its losses—would take the lion's share and leave Belgium unrestored. It looked, indeed, as though the Conference were breaking down. The Japanese chose this critical moment (April 24) to send a most peremptory letter, signed by Marquis Saionji, head of their delegation,

[1]Secret Minutes, Council of Four, April 22, afternoon session.

demanding a "definite settlement of this question . . . with the least possible delay."

What could be done?

The President knew that if he stood stiffly for immediate justice to China, he would have to force Great Britain and France to break their pledged word with Japan. Even if he succeeded in doing this, he still would have to face the probability, practically the certainty, that the Japanese would withdraw from the Conference and go home.

He felt convinced that the Japanese meant what they said, that they had orders from their government.

"They are not bluffers," he said to me, "and they will go home unless we give them what they should not have."[1]

This would not only keep Japan out of the League of Nations but it would go far toward eventually disrupting the Peace Conference, already shaken by the withdrawal of Italy and dangerous defection of Belgium. Such a weakening of the Peace Conference and of the alliance of the great Powers would have the immediate effect of encouraging the Germans not to sign the Treaty and of holding off in the hope that the forces of industrial unrest then spreading all over Europe might overwhelm France or Italy. It would also have a highly irritating effect upon all the Bolshevist elements in Europe—increasing uncertainty and the spread of anarchical conditions. With Japan out of the association of Western nations there was also the possibility, voiced just at this time in both French and British newspapers, that she would begin building up alliances of her own in the east—possibly with Germany and Russia. Indeed, if the truth

[1] In this opinion, some of the President's advisers, notably E. T. Williams and S. K. Hornbeck, were not in agreement.

were told, this was probably the most important consideration of all in shaping the final decision. It was the plain issue between the recrudescence, in a new and more dangerous form, of the old system of military alliances and balances of power, and the new system of world organization in the League of Nations. It was the militaristic Prussian idea against the American Wilsonian idea.

On April 25, only Wilson, Lloyd George, and Clemenceau being present, the problem came up again. Clemenceau presented three documents, the demand of Saionji, already referred to, for an immediate settlement, a report of a committee of experts (E. T. Williams for America, Jean Gout for France, and Ronald Macleay for Great Britain) giving the opinion that while it "would be more advantageous to China" if Japan inherited the rights of Germany in Shantung than to be accorded the basis of the Chino-Japanese agreements of 1915 and 1918, "either course presents serious disadvantages for China"; and finally a new and strong demand by China in which she made four proposals:

1. That the German rights be renounced to the Five Powers for restoration to China. This was the original American proposal.

2. Japan to leave Shantung within a year.

3. China to agree to pay all the costs of Japanese military operations in capturing Tsingtao.

4. China to agree to open the whole of Kiauchau Bay as a commercial port with a special quarter for foreign residence.

President Wilson said that "this question was almost as difficult as the Italian question," and asked "if the British and French were bound to transfer Kiauchau and Shantung to Japan."

Mr. LLOYD GEORGE said that sooner or later they were.
M. CLEMENCEAU agreed.

But Mr. Lloyd George now said that Mr. Balfour had made a proposal along the lines already suggested by Wilson that while "we were bound to transfer the German rights . . . to Japan . . . we should like to talk over the terms on which Japan would hand them back to China. That proposal would meet the Japanese sentiments of pride."

Here again the President reverted to his old suggestion that *all* the powers renounce their rights in China. He said the Japanese "were willing to discuss this with the other powers." If all went out, Japan would go, too. He said "his object was to take the chains off China." But here Lloyd George objected; he said "the British Government could not agree."

"We could not allow other nations to coöperate in the Yangtse-kiang," he said, "since we had not sufficient capital ourselves for development. The reason we could not do so was because we should have to allow the Japanese in."[1]

Here again was the nub of the matter!

Balfour was requested to confer with the Japanese delegates, and at the same time the President turned in every direction to see if there were not some way out of the difficulty. He had a conference with the American Commission on April 26 and asked Mr. Lansing to see the Japanese. That very day Lansing (with E. T. Williams, the American adviser on Far Eastern affairs) met Viscount Chinda who, according to the record of the conversation, was even stiffer in "insisting upon the exact fulfilment of the treaty with China" than he had been in

[1] Secret Minutes, Council of Four, April 25.



Major-General Tasker H. Bliss, Member of the American Commission to Negotiate Peace

the Council of Four. Chinda told Lansing flatly that the Japanese delegates "had instructions from home that if the German rights were not renounced in favour of Japan, the Japanese delegates were not to sign the Treaty."

The three days, April 28, 29, and 30, were the crucial days of the struggle.

Mr. Balfour had conferred with Baron Makino and presented a memorandum to the Three, showing, as President Wilson remarked, a "decided approach in the Japanese attitude."[1]

> President WILSON [said] he had told the United States delegation that his line was this:—"If Japan will return Kiauchau and Shantung to China and relinquish all sovereign rights and will reduce her claims to mere economic concessions foregoing all military rights, I would regard it as returning these possessions to China on better terms than Germany had held them."
>
> Mr. BALFOUR said that there was no doubt whatsoever that Japan was returning these territories to China on incomparably better terms than Germany had held them.
>
> President WILSON said his experts did not agree.
>
> Mr. BALFOUR said that the United States' experts had not heard the Japanese case. The same had applied to his expert, Mr. Macleay. . . .
>
> Mr. BALFOUR continued that the Japanese Government now in power was not the same government as had made the Treaty of 1915 with China. He honestly believed that this Government intended adopting a more liberal policy and had been influenced by what the Japanese representatives had learned in Paris.[2]

Up to the very last hour of the final decision on April 29, the President was strongly hopeful of finding some more liberal solution. The present writer saw him frequently during these days and knows how he took the problem to heart. He had asked me to gather certain

[1] See Volume III, Document 42, for copy of Balfour memorandum and subsequent letter.

[2] Secret Minutes, Council of Four, April 28.

information for him which I did, from the Chinese and the American experts, E. T. Williams and S. K. Hornbeck, and took up to him before the critical meeting of the Three on April 29. He examined the material and the maps carefully.

"There is no possible doubt," I find in my diary of that day, "as to where the President's sympathies lie: he is for the Chinese . . . I made as strong a case as I could for the Chinese position, urging some postponement, at least. The President pointed out how inextricably the whole matter was tied up with old treaties, how Great Britain felt herself bound to Japan and how, with Italy already out, Belgium bitterly discontented, the defection of Japan might not only break up the Peace Conference but destroy the League of Nations."

When the Japanese delegates came in a little later to the Council of Three there was another involved discussion, covering all the old ground. Viscount Chinda did not wish to go so far in making concessions and in defining Japanese intentions as Baron Makino had gone with Mr. Balfour. The President fought for a clearer agreement as to what Japan meant by the control of the police and whether it was to be in the hands of the Japanese Government or in that of the railroad directorate upon which the Chinese were also represented.

The President well knew that public opinion in the United States would be against such concessions to the Japanese. His commissioners and his experts were all strong on that point. General Bliss, whose judgment the President greatly trusted, wrote a letter to him on that very day opposing the plan to "abandon the democracy of China to the domination of the Prussianized militarism of Japan."

The President knew that he was likely to find American

public opinion against him. In the Council of Three and in the presence of the Japanese:

President WILSON said it was extremely difficult for him in the face of public opinion in the United States of America to assent to any part of the arrangement. He was seeking a way to make it possible for him to agree, and it was not a simple matter. Public opinion in the United States did not agree to the transfer of the concession. He was bound to tell the Japanese representatives that. He was trying to see all views and to find a way out. In these circumstances it greatly increased his difficulty, if there were even an appearance of unusual control insisted on, particularly if the transfer of rights to Japan was greater than those exercised by Germany.[1]

The actual and final declaration or agreement by the Japanese, which, while it was not to be a part of the Treaty itself, was a supplementary understanding, was made on the morning of April 30 and the secret record of the Three is here so important that it is fully quoted:

In reply to questions by President Wilson—the Japanese Delegates declared that:

> "The policy of Japan is to hand back the Shantung peninsula in full sovereignty to China retaining only the economic privileges granted to Germany and the right to establish a settlement under the usual conditions at Tsingtao.
>
> The owners of the Railway will use special Police only to ensure security for traffic. They will be used for no other purpose.
>
> The Police Force will be composed of Chinese and such Japanese instructors as the Directors of the Railway may select will be appointed by the Chinese Government."

Viscount CHINDA made it clear that in the last resort, if China failed to carry out the agreements—if, for example, she would not assist in the formation of the Police Force or the employment of Japanese Instructors, the Japanese Government reserved the right to fall back on the Agreements of 1915 and 1918.

President WILSON pointed out that by that time Japan and China

[1]Secret Minutes, Council of Four, April 29.

would be operating under the system of the League of Nations and Japan would be represented on the Council of the League. In such an event, he asked why should not the Japanese voluntarily apply for the mediation of the Council of the League of Nations.

Viscount CHINDA said that even if the case was sent to the League of Nations, for mediation, nevertheless Japan must reserve her right in the last analysis to base her rights on her special Agreements [with China]. If the Chinese Government acted loyally, no such case would arise, but if the Chinese Government refused to agree to the appointment of instructors, the only course Japan would have would be to invoke the treaty.

President WILSON said that what he wanted to urge was this: he did not want a situation to arise which would prove embarrassing. As the Japanese representatives knew, the United States Government had been much distressed by the twenty-one demands. These negotiations were based on the notes of May, 1915, and this exchange of notes had its root in the negotiations connected with the twenty-one demands. In the view of his government, the less the present transactions were related to this incident, the better. He would like, as a friend of Japan, to see no reference to the notes of the last few years. If an occasion such as Viscount Chinda had postulated should arise, he hoped that the Japanese Government would not bring it before the Council of the League of Nations with a threat of war, but merely for friendly council, so that the Council of the League might make the necessary representations to China.

Baron MAKINO said that this was a possible eventuality but that, so far as Japan was concerned, if the Chinese people coöperated with good will, he thought no such eventuality would arise. So far as Japan was concerned, she looked to the engagement with China but hoped that no difficulty would arise.

Viscount CHINDA said that the difficulty was that President Wilson on his side did not admit the validity of these Agreements, but Japan did. He only mentioned the fact so as not to be morally bound not to invoke these Agreements. In the meanwhile he asked President Wilson to use his influence to induce the Chinese to carry out the Agreements.

President WILSON said that frankly he must insist that nothing he said should be construed as any admission of the recognition of the notes exchanged between Japan and China.

Such was the arrangement made. The Shantung settlement was thus in two parts, the first set forth in Articles 156, 157, and 158 of the Treaty in which all the former German rights at Kiauchau and in Shantung province are transferred, just as the Japanese delegates had demanded, to Japan. This conforms broadly with the various treaties, and gives a proud nation what it considered its full rights. On the other hand, the Japanese delegates, on behalf of their government, make the voluntary agreements noted as to the methods of the return of Shantung to China, and to the rights Japan was to continue to hold in that province.

If the President had risked everything in standing for the immediate and complete realization of the Chinese demands, and Japan had left the Conference or refused to sign the Treaty, it would not have put Japan either politically or economically out of China. Neither our people nor the British would go to war with Japan solely to keep her out of Shantung. The only hope of China in the future—and Wilson looked not only to the removal of the sphere of influence which Japan controls but to the removal of all other spheres of foreign influence in China—is through a firm world organization, a league of nations, in which these problems can be brought up for peaceful settlement.

The President drew up a statement of the settlement which he himself signed and gave me a copy (it was also sent to Secretary Tumulty at Washington) and I at once communicated the substance of it, by his instructions, to the American press correspondents.[1] That evening I went up again to see him and find this record in my notes:

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[1]See Volume III, Document 43, for text.

I saw the President at 6:30 as usual and he went over the whole ground (of the Japanese settlement) with me at length. He said he had been unable to sleep the night before for thinking of it. Anything he might do was wrong. He said the settlement was the best that could be had out of a dirty past. . . . The only hope was to keep the world together, get the League of Nations with Japan in it and then try to secure justice for the Chinese not only as regarding Japan but England, France, Russia, all of whom had concessions in China. If Japan went home there was the danger of a Japanese-Russian-German alliance, and a return to the old "balance of power" system in the world, on a greater scale than ever before. He knew his decision would be unpopular in America, that the Chinese would be bitterly disappointed, that the Japanese would feel triumphant, that he would be accused of violating his own principles, but, nevertheless, he *must* work for world order and organization against anarchy and a return to the old militarism.

At the President's request I went to see the Chinese delegates that night, April 30, at their headquarters in the Hotel Lutetia, in order to explain it in all its aspects. I found them bitterly disappointed. They had expected, as so many other hopeful groups at Paris had expected, the full and immediate realization of their demands at the hands of the Conference, and had not succeeded—because other tremendous forces in the world's affairs, other considerations and necessities, had prevailed.

Well, the settlement made a great sensation. The Chinese were at first for making a statement and withdrawing from the Conference. On May 1 they went to see Mr. Balfour; they asked for the minutes of the Four reporting the discussion of their problems, and while they secured the record of the meetings which they attended, they were refused the other secret minutes. On May 3 and later they issued a number of public statements of protest and criticism, which must appeal to the sense of justice and the sympathy of every thought-

ful reader for this great, weak, unformed nation; and finally, after the Four had refused to allow them to sign the Treaty with reservations (June 28), they decided not to sign it at all and issued a statement in which they "submit their case to the impartial judgment of the world."

The settlement was, of course, a compromise. Of the two chief demands with which Japan came to Paris, she surrendered entirely on the first—her desire for recognition of racial equality in the Covenant—and she accepted the League and the mandatory system and thereby in future agreed to coöperate with other nations. This was the President's main contention. On the other hand, she won in her great demand that the former German rights in China be transferred in the Treaty without reservation to her, though she made the explanatory and limiting declarations of April 30 in regard to them.

PART VIII

THE ECONOMIC SETTLEMENT AT PARIS.

CHAPTER XXXVII

Economic Situation in Europe at the Close of the World War—The Economic Policy of Great Britain at Paris

ECONOMIC problems at Paris were at first ruthlessly elbowed aside or kept in the background. The European leaders were first of all politicians and diplomats. The only systematic plan of procedure, that of the French of November, 1918, was based frankly upon the "precedents of the Congresses of Vienna 1814–15, Paris 1856, and Berlin 1878" and questions of political significance inevitably came uppermost—the French demand to control the Rhine frontier, the British demand for the colonies, the Italian demand for the control of the Adriatic, the Japanese demand for Shantung and the islands of the Pacific. Even Wilson's interest, though on a far higher plane, was primarily political. His ideals were to find fruition in a political instrumentality, a league of nations, modelled upon the glowing example of the American federation of states, and like the constitution of that federation, having few economic implications. He brushed aside at the very beginning the whole sordid business of economic rivalry by declaring that America had no selfish interest to serve, "wanted nothing for herself." His chief concern, at the Peace Conference, was to bind the nations firmly together in a new political union, which must be brought into immediate existence. This league would steady the dangerously rocking world, and by sternly preserving peace,

permit the bruised and broken economic forces of the nations to gather themselves together, rise out of the embers of war, rebuild their institutions of production and distribution, and proceed with the normal and beneficent business of feeding, clothing, and sheltering humanity.

It was a clear-cut, logical policy of action based upon the older American traditions and practices. It was a policy, moreover, that might have worked if every leader at Paris could have approached the wild commotion of the settlements with the same spirit of justice, the same vision of international political coöperation, that the President had.

But the President's plan demanded for its success two precedent conditions that did not exist. It demanded first that all the nations subdue their immediate and urgent political demands and interests, in order to secure splendid new benefits, based upon security and peace in the future, which no leader except the President was willing to do.

"There is only one thing that can bind people together," he said to the business men of Manchester, "and that is common devotion to right." But where at Paris was there such a common devotion to right?

It demanded, in the second place, that immediate economic problems, which could not, after all, be brushed aside, be met promptly with clear and strong policies of action. There were grave obstacles in the way of such policies.

With the world literally falling apart, with starvation spreading everywhere through Germany, Russia, Austria, Poland, with undemobilized armies and staggering debts, those old leaders wrangled for days and weeks over the possession of distant coral islands in the Pacific, for savage colonies in Africa, or strove to divide among them-

selves the ancient empire of the Turks. Wilson had wanted the immediate consideration of the pressing problems of Europe, including the relief of the starving, an immediate effort to understand and grapple with the vast difficulty of Russia, the immediate consideration and organization of a league of nations—but there was no turning the Conference from its obsessions of fear and avarice. If they could only have seen it, the only true security for the political stability of the nations in which each was primarily interested lay in extending and strengthening international political sanctions, and proving that a political instrumentality, such as the League of Nations, was capable of meeting and solving the problems of the world. If Bolshevism, as President Wilson said, was "a protest against the way the world has worked," was it not important beyond anything else, in meeting this menace, to create at once a method for making the world better?

But the old leaders returned irresistibly to the "precedents of the Congresses of Vienna, 1814–15, etc.," as though the world stood exactly where it had stood a century before: as though there were no railroads, no telegraphs, no aëroplanes, no complicated economic organizations which transcended national boundaries, no intricate international financial arrangements; as though a more or less simple agricultural life without machinery had not given place to a highly organized industrial life with swarming cities unable to feed themselves without access even to distant continents.

Before the war there were cock-sure prophets who had said that this complicated economic organization had become so powerful, so intelligent, that no great war would ever again be permitted. The bankers would stop it! The war not only came, but the Machine that was to stop it

was immediately turned to the business of making it more frightful. It performed unheard-of miracles of production —only for destruction. The surprise of the war was the economic ability to prolong it. It literally ate up the civilization it had formerly served.

Then the great war stopped. It stopped so suddenly that the great new organized economic machines controlled by the governments in both allied and enemy countries, which had been used so powerfully for prosecuting the war, began to break down. The disintegration in Germany and Austria was immediate and disastrous; in the allied countries it took place more slowly but none the less surely. At the same time the old economic institutions and relationships which had sufficed the world before the war had been swept away. Labour had been slaughtered by millions, capital recklessly dissipated, thousand of factories blown to bits, railroads torn up, coal mines destroyed, and even the soil itself, over wide areas, had been ravaged and desolated. Hunger was abroad in the land.

Faced by such a gigantic catastrophe one might confidently have predicted that the Peace Conference would attempt to meet at once two obvious and crying necessities:

First, that food would have been rushed to the hungry, and clothing to the naked in order to restore, as quickly as possible, the broken economic forces of the world. But those who attempted to distribute food, even in charity, found in many quarters not only want of interest in such matters, but actual hostility. Choking blockades, that tied off living parts of the economic organism as with ligatures, were maintained for months; food intended for the starving was held up, rotting, in ports and sidings, while jealous nations quarrelled over boundaries.

Second, that there would have been an attempt to consider broadly the present economic state of society and develop new, strong, and clear international agreements or organizations for dealing with bread-and-butter problems which had transcended national boundaries in the past and would continue even more to do so in the future.

But the Paris Conference, in the beginning, did its best to avoid both the immediate economic problems of relief and the permanent problems of international economic coöperation. Not that the importance of possession of economic resources—coal mines, railway lines, ports, industrial areas—was underestimated: quite the contrary, for the struggles over them were bitter. But these things were coveted and fought for solely in terms of national power and political prestige—and without regard for the fact that the disruption of the general system caused by their transfer might so impair the general welfare that even the new possessors would suffer from the exchange.

Whether the political leaders at Paris acted or not, however, the economic realities existed—they were there; and just as the Politician, in the first days at Paris, crowded the Soldier off the stage, so the Economist crowded the Politician—but never quite off the stage. In the early days the Economists were scarcely in view at all. The original American delegation contained a negligible representation—and that entirely academic. But presently practical men of affairs, who knew economic conditions, world-finance, shipping, cables, and the like, began to rise more and more prominently in the councils of all countries. Davis, Baruch, Lamont, Hoover, McCormick, from America began to have more and more to say. When the President was crossing the Atlantic the first time he told a member of the American delegation that he was "not much interested in the economic ques-

tions," but before the Conference was over his chief advisers were the economists. The Supreme Economic Council grew to be a kind of coördinate body at Paris, for which even the Four, in certain wide fields of action, stepped aside.

Though the awakening was slow, it is impressive in reading the Secret Minutes of the Four during the last two months of the Peace Conference to discover the increasing absorption in economic problems, such as reparations, the treatment of the coal of Silesia and the Saar, the question of blockades, the feeding of Russia, and the like. In the end the Peace Conference constructed a treaty one half of which is devoted to economic provisions! The history of that gradual transformation and the rise to importance of the new economic problems of the world is one of the most important and significant aspects of the Conference, for it mirrors the growing pressure of these new questions in the common life of a world more crowded, more highly industrialized, and more dependent upon mechanical and economic organization than ever before in the history of mankind. The very failures at Paris, the abortive attempts to solve economic problems on the basis of political and nationalistic ambitions, the cloudy glimpses here and there of the possibilities of comprehensive reconstruction, the picture that the discussions vividly give of the immensity of the difficulties involved at every point—all these things are most illuminating.

In this book the economic problems and settlements at Paris will be treated in eleven chapters. Just as the attempt was made in former chapters dealing with the political and territorial discussions to show clearly, first, the exact point of view, the policy, the demands, of each nation, so the economic approach of each nation will be treated in the first three chapters of the present series.

In the present chapter the policies and economic attitude of Great Britain will be considered, and in the next chapter the economic policies of the Continental Nations, chiefly France, and of Japan. A following chapter will be devoted to the exact attitude of President Wilson, and of the American Economic Advisers.

Beginning with this preliminary exposition of national points of view, it will be possible to approach with clear understanding the two groups of economic problems that confronted Paris: first, what may be called the Urgent and Immediate Problems; second, what may be called the Permanent Problems. The two coalesce, of course, at many points, but there is nevertheless a clear distinction.

The Urgent Problems, those centring chiefly around relief and reparation, will be treated in four chapters, the first two dealing with the work of the Supreme Economic Council, the other two with the record of the Peace Conference on the subject of Reparations.

While the urgent economic problems occupied much more time both in the Supreme Councils and in the Commissions, the efforts to deal with permanent economic questions will be found most fertile of any in giving a clear view of the new after-war world we are now entering, of the dangers, difficulties, hopeful possibilities to be met there. These will be considered in four chapters: One, Commercial Equality and Access to Raw Materials. Two, Problems of Freedom of Transit: Ports, Waterways, and Railways. Three, Aërial Navigation. Four, The Control of Communications: Cables.

THE ECONOMIC POLICY OF GREAT BRITAIN

Just as the political settlements at Paris were marked by struggles between the Old and the New Diplomacy, so

there was an Old and a New Diplomacy in the economic settlements.

Something quite comparable to the secret treaties by which the nations in the early part of the war agreed among themselves upon their future political claims is to be found in the Paris Economic Conference in 1916 in which the allied nations came to an understanding regarding the economic objectives for which they expected to stand after the war. It was in effect a special economic alliance, and as short-sighted and selfish in its objectives as the older political alliances.

Just as the Old Diplomacy in politics sought the security and expansion of individual nations as against President Wilson's demand for international coöperation for the welfare of all nations, so the Old Diplomacy of the economic settlements was passionately devoted to the narrow objectives of national economic individualism. Each state was to consider itself potentially at war economically with every other state and was therefore to arm itself economically and to make itself as nearly as possible self-contained and independent, without regard to the welfare of any other state. While there existed, to counteract this position, no true or comprehensive international economic policy at all comparable to President Wilson's ideal of a league of nations in the political field, yet there were men at Paris with a broad vision of economic coöperation among the nations for the future progress and prosperity of all.

So far as the Urgent Economic Problem of Relief was concerned no nation had such clear, strong, and comprehensive coöperative policies as America. Wilson had seen, and told Congress at the time of the Armistice, and later, that the supply of food to Germany and other starving nations was necessary to prevent anarchy and

tide over chaotic conditions until the peace settlements could be made and the League of Nations brought into being. While at that time he probably underestimated the seriousness of that problem he was prepared when he arrived in Europe and saw what conditions were to broaden the scope of international coöperation to meet the situation. It was he who introduced the resolutions in the Council of Ten which created the Supreme Economic Council, under the ægis of which Hoover was able to perform his great work of relief. The American economic advisers, also, had the clearest and most immediately practical programme for meeting the problems of reparation, for they recognized that future political stability, and therefore economic revival, were tied up in securing reasonable and just settlements of the amount of money Germany was to pay.

But beyond these immediate and practical economic problems the Americans, for reasons which will be developed later, felt that they could not go.

It was probably among the liberals of the British delegation that the greatest amount of clear thinking upon the permanent problems, the economic future of the world, was to be found. The reason for this is simple enough:

"We are a country," said Lloyd George in the House of Commons, April 3, 1922, "dependent more probably upon international trade than any other country in the world."

British ships sailed every sea; the British Empire touched at some point almost every other great nation, and peaceful and orderly international contact was therefore necessary to the very life of the nation. It was chiefly no doubt for this reason that the British so strongly supported the League of Nations. The League was an instrumentality for keeping political good order in the world while ships sailed and traders traded. But they

went a step further: there were progressives among them who wanted not only political coöperation but who had also a vision of international economic coöperation—not, indeed, comprehensive and with limitations which will be presently noted, but where it applied, substantial and practical.

Lloyd George, the politician, however, was in the beginning neither strongly for the League of Nations nor for any real and frank attempt to grapple with the economic problems. He was in his instincts a politician of the old school; it was he who precipitated the first political scramble at Paris, the demand in the second week of the Conference for division of the German Colonies as spoil of war; and his promise of huge indemnities, made in his political campaign of December, 1918, was one of the chief obstacles to a reasonable consideration of the economic settlements at Paris.

Yet it must be said, in all fairness, that Lloyd George had behind him no clear or undivided opinion upon economic affairs in his own country. At one extreme were powerful liberal elements shading away into the radicalism of the labour party and the Socialists with advanced views of international coöperation both in politics and in economic arrangements. At the other extreme he had the fiercest of Tories who saw nothing but the immediate and selfish interests of the British Empire. As in politics he managed with consummate skill to unite enough of the diverse elements in a coalition to keep the Government going and himself in power, so he contrived at Paris to work with a kind of coalition of economic advisers. He thus represented British diversity of economic opinion with extraordinary agility. On the one hand, he had a group of clear-sighted liberals, such men as Cecil, Smuts, Keynes, Montagu, Sifton, Llewellyn Smith, and others,

who were awake in varying degrees to the economic problems confronting the world and who saw that the only hope of the future lay in developing constructive forms of international coöperation. On the other hand, he had a group of bitter old lords, men like Cunliffe, and Sumner, who looked backward to the old order of cut-throat economic rivalry, and who were for a true "Carthaginian peace" in order that Germany, as the economic rival of Great Britain, might be seriously injured if not utterly crushed. The wide difference between these two groups is vividly symbolized in the estimates of the amount of reparations Germany could reasonably be required to pay. Keynes, of the younger, liberal group, who was chief representative of the British Treasury at Paris, advised Lloyd George in November, 1918, that the utmost reasonable figure was a capital sum of from ten to fifteen billion dollars payable in from twenty-five to thirty years. Lord Cunliffe, on the other hand, an ex-governor of the Bank of England, informed Lloyd George that Germany could pay 100 billion dollars. Lloyd George won his election in December on Cunliffe's figures—and took Keynes with him to Paris! His record after that was marked by nimble leaps from one camp to the other, and he used each of the groups at the Conference in turn, as will be shown later, to prove the contention he happened to have in mind at the moment. When he wanted a liberal decision Keynes or Montagu or Cecil or Smuts was there to argue it with great ability, and when he wanted to produce a contrary effect he summoned Cunliffe or Sumner.

Lloyd George did not awaken to the seriousness of the general economic situation until April, and then it was, characteristically, a kind of political discovery—that the people at home are stirring upon these matters. As he said, almost naïvely, in the Council of Four:

He thought that the people as a whole were more interested in economic than in territorial questions, which mainly concerned the newspapers and special persons who interested themselves in foreign politics.[1]

The fact of the matter is that the great economic interests of his country—the capitalists at one extreme and restless labour at the other—were beginning to stir powerfully. The war was over: it was time to get back to work. Industrial and commercial enterprises must strike at once for the recovery of their economic place in the world, handicapped indeed by the losses of the war (especially in shipping) but with such advantages as would come from the prostration of their continental rivals.

What was to be done?

Here, as in the political settlements, there were two courses, one that of the Old, of seizing at once upon every possible immediate advantage—in this case, ships, cables, access to raw materials, reparations, and nailing them down firmly as items in the Treaty; the other that of the New, arguing that the only sure basis of economic recovery of Great Britain lay in "restarting Europe," and that this restarting of Europe depended upon reasonable economic settlements, a reasonable let-live policy even to enemy peoples, and new coöperative arrangements for the control of international rivers, railroads, and the like. It was not enough, argued these supporters of the New, to get ships, raw materials, cables, and cash for Great Britain; for they were useless without a stable world in which to use them. But the New in the economic field had no Wilson; American idealism had failed to hitch itself to economic reality.

Faced by these two courses Lloyd George characteris-

[1]Secret Minutes, April 23.

tically chose both, with the result that Paris ended in an economic muddle, which no conference since, neither Genoa nor The Hague, has been able to solve. As Wilson said of the political settlements, "You cannot go forward with one foot in the Old Order and the other in the New." It was even truer of the economic settlements—which were throughout marked by a disastrous double-mindedness.

The first economic reaction of the British leadership was, naturally enough, to the items which most intimately affected the internal economic life of Great Britain: ships, raw materials, reparations. Lloyd George's panic regarding the general economic situation of Europe did not come until later.

In the matter of ships Lloyd George was from the first, of course, under great pressure from home.

"Our industrial position will be potentially very strong," Sir Alfred Booth, chairman of the Cunard Steamship Company, had said of after-war conditions, "whereas we shall be left with a mercantile marine quite inadequate to meet our need or to recover our former share of the world's carrying trade."

Lloyd George told the Four, on April 23, that "Great Britain lived on ships and it was a very serious matter to her." He was referring to the distribution of the enemy shipping claimed as part of the reparations; and he fought vigorously for the largest share of this he could obtain. He backed up his claim for making good the losses of the war by stating, on May 22, "that Great Britain had lost her ships in carrying for Italy and France, etc. British tonnage had been placed at the disposal of the whole world and none of it used for private enterprise." But that Great Britain intended henceforth to pursue quite another policy is indicated by his remark,

on June 10, "that for the next few years, tonnage was worth a great deal more than money. Those who were able first to establish themselves in overseas trade would gain enormous advantages."

Here was a clear statement of British economic individualism and the determination to fight without gloves in the economic "war after the War."

With regard to raw materials, the British attitude was similar. The old imperialistic leaders here had far more influence than the liberals in shaping British economic policy. In their eyes one of the greatest achievements of the war was the establishment of Great Britain's control over the oil-fields of Mesopotamia. There she had dug herself in despite all liberal and labour attacks at home and protests from abroad. During the war the British Government had also gone heavily into the oil business in other fields, while borrowing from the United States—and all on a monopoly basis. And at every point during the Peace Conference when an economic advantage was to be obtained, whether a railroad or pipe-line in Asia Minor, or phosphates in the island of Nauru in the Pacific, the British were keenly awake. Lloyd George had a clear perception of the power which world control of raw materials would give to the British Empire after the war—and of the dependence of other nations upon her. As he said frankly in the Council of Ten:

> Much of the raw material that would be required by Germany could only be found in the British Empire. France also, by the acquisition of Alsace-Lorraine, would dispose of more raw material than she did before . . . Germany, therefore, could not start her industrial life again save at the good pleasure of the Allies.[1]

Lloyd George saw plainly what this meant:

[1]Secret Minutes, January 27.

It was clear that Germany would be entitled to ask what her economic future was going to be. It would be very difficult to obtain her consent to a peace treaty which took from her all her colonies and left the victorious powers in exclusive possession of a number of raw materials which she required.

Here the dilemma of Great Britain is clearly expressed. She wanted all the world economic power she could seize upon; she was keenly conscious of the dependence of the rest of Europe upon her; but, on the other hand, Germany and other enemy countries—and Russia!—must at least be left alive economically, for British economic power was also tied up with European economic prosperity: how could Britain sell if no one had anything to buy with? But when the pinch came and Lloyd George began to be panic-stricken lest the Germans refuse to sign the Treaty, he proved much more liberal in proposing to placate the Germans with economic modifications as to the Saar Valley or Silesian Coal—in which the French and Poles were interested—than in regard to access to raw materials over seas which were controlled by the British. As Clemenceau bitterly remarked in a note of March 28, answering Lloyd George's plea for moderation in the territorial terms for Germany: "all of her colonies, her entire navy, a great part of her commercial fleet [as a form of reparation], and her foreign markets over which she held sway, have been taken from her, or will be taken from her. Thus the blow which she will feel most is dealt her, and people think that she can be appeased by a certain amelioration of territorial conditions. . . . If it is necessary to appease her she should be offered colonial satisfaction, naval satisfaction or satisfaction with regard to her commercial expansion."[1] To these

[1]See Volume III, Document 28.

embarrassing remarks Lloyd George could find no adequate rejoinder.

The French even alleged, and with some show of justice, that while the British liberal group was trying to coddle Germany in Europe at France's expense, the violently imperialist group was working to do France out of her proper share of economic prizes elsewhere in the world. In the course of the sordid debates over the disposition of former Turkish territories, Clemenceau burst out one day:

> Only yesterday it had been suggested that France should have a mandate for the whole of Anatolia; to-day, however, Mr. Lloyd George came forward with fresh combinations. He knew the cause of this. It was the arrival of Lord Curzon. He had heard all about this from London where Lord Curzon had spoken very freely. Lord Curzon was the fiercest friend France had in England. He regarded it as a good thing to take from France Mosul and part of Syria for a railway, and Cilicia, and to do nothing in return.[1]

Even more clearly than in the struggle for ships and raw materials the double-mindedness of the British appeared in the most urgent economic problem at Paris, that of Reparations. Here the two opposing groups of opinion, the Old and the New, came most violently into opposition. The difference here, vast as it appeared, was not merely one of judgment as to what Germany could or should pay—whether ten or fifteen billion dollars, as Keynes advised, or ten times as much, as Lord Cunliffe advised: it was a fundamental difference of principle or theory—almost as wide as that which separated the old diplomatists from President Wilson. Lord Cunliffe's opinion must, of course, have been based upon some sort of estimate of Germany's economic capacity, but we are probably not going too far in saying that his figure—

[1]Secret Minutes, Council of Four, May 21.

which was more than three times that of the highest American estimate—really represented his estimate of the demand that would crush Germany's power of economic recovery as a rival of Great Britain. His process of thought was quite different from that of the liberals at Paris. He was for pushing the British Empire forward by the ruin of its rivals while the group represented very well by Keynes looked forward to a new world of coöperation, in which the welfare of Great Britain was to be sought in the increased welfare of all other nations.

Lord Cunliffe's real position is clearly expressed in the report of the second sub-committee of the Commission on Reparation—that on capacity to pay—of which he was chairman (April 8):

> . . . it must be remembered that if but a comparatively small sum be demanded of the Germans, which, with their great assiduity, perseverance and thrift, they are able to pay within a short term of years, they will the sooner be in a position to resume their former commercial tactics and will no doubt work even harder to build up their own wealth than to restore what they have so wantonly destroyed. Consequently the demands should be set at a high amount even though that should prove to be in excess of the resources of the enemy countries, rather than to run the risk of naming a sum well within their ability to pay without any extraordinary effort.[1]

This represents something quite different from an effort to arrive at an estimate of Germany's capacity to pay, and a point of view certainly far removed from that of Keynes.

Unhappily, the fist-brandishing doctrine of the old fire-eaters had made much better election propaganda during the post-Armistice "slump in idealism" than the cool, even chilly reasoning of the clear-headed younger

[1] Minutes, Second Sub-Committee, Commission on the Reparation of Damage, p. 128.

men. Lloyd George, in December, 1918, even jumped Lord Cunliffe's estimate to 120 billions; and then, after winning his election, found he could not repent of his rashness if he would. When he showed signs of doing so his majority dragged him back by the coat-tails. Consequently, in this respect he kept his back turned pretty consistently upon the liberal group. On the important Commission on Reparation he appointed a galaxy of reactionaries—Hughes of Australia, Lord Cunliffe himself, and Lord Sumner, a dried-up jurist of similar views and temperament. The advocate of the hundred-billion indemnity became chairman of the sub-committee on capacity to pay. What was to be expected of British policy in this respect? Nothing but a course of action that must annul all efforts at constructive settlements in other fields.

Of course, Lloyd George did not adhere to the logic of Cunliffe's doctrine throughout, any more than he proved consistent in any other course of policy. He thought he could play the reparation game both ways. While allowing the extremists to fix a sum, he turned round and listened to the moderates on the subject of building up Germany's power to pay. He did not perceive or care for the fact that these two policies were inconsistent. If a "crushing" indemnity were adopted, then coddling in other respects was wrong and foolish; if damage to Germany were the object, rather than receipts by the Allies, there was no sense in trying to help Germany pay. On the other hand, if an all-round scheme of reconstruction was to be sought for, a reasonable reparation settlement, beneficial to the Allies and not destructive to Germany, was an essential feature, without which the whole scheme must collapse.

Yet Lloyd George rode or tried to ride both horses;

and the further the Peace Conference developed and the more difficult loomed the economic problems, the more furious his riding. On April 23, he came into the Council of Four with one of his characteristic announcements—which so often seemed to be the result of a sudden shock of discovery. He declared:

"No trade was at present moving anywhere in Europe."

This, of course, was disastrous to Great Britain.

And this, as he said, "brought him to the question of a scheme for restarting Europe."

All along he had been following for the most part the advice of reactionary leaders. But he now turned avidly to the liberals. He sprung upon the Council the famous financial plan of Keynes and recommended its immediate adoption. He was suddenly as keen for restarting Europe as he had been passionate shortly before in demanding that Germany "pay to the last farthing."

The Keynes plan, whatever its lesser defects or implications, was at least a genuine attempt to grapple with a real problem and to do it on a broad coöperative basis.[1] It provided, in brief, for a huge bond issue by the enemy and new states, guaranteed by the Allied and neutral powers, of the proceeds of which four fifths should be applied to payment of reparations and one fifth be left available for the purchase of raw materials. These bonds, moreover, were to be acceptable at par "in payment of all indebtedness between any of the Allied and Associated governments." Here was a "joker"—so far as America was concerned—for, passed from hand to hand, these bonds would wipe out a large share of the inter-allied debts, leaving the ultimate creditors (mainly the United States) creditors directly of Germany. While this would accomplish after a fashion the project the

[1]See Volume III, Document 48, for full text of Keynes plan.

British had constantly in mind—of getting rid of this huge burden of international debts as a hindrance to the resumption of normal conditions of international trade—it would leave America "holding the bag." Outright cancellation of these debts they hardly ventured to advocate at the time. Hints to the United States Government in December, 1918, had been promptly discouraged and were not revived in express terms until toward the close of 1919. But this question of the debts hung constantly over the Conference, as it has hung over the world ever since, as one demanding a bold solution if the financial rehabilitation of the nations was to be at all thoroughgoing. But the Keynes plan, which will be more fully considered elsewhere, met with no success. In any event, it would not have worked if the other elements of the economic settlements had not been dealt with upon sound principles. For how expect a liberal solution of the debt problem with America ultimately assuming the chief burden when at the same time the British and French were demanding reparations that would practically make it impossible for Germany ever to pay those debts? Lloyd George would not accept the plain logic of the situation! Keynes's plan for the debts must be accompanied by Keynes's low estimate of reparations.

While this fatal double-mindedness was paralyzing the British position on the economic settlements at Paris, the liberals were nevertheless pushing their ideas wherever they could—struggling just as President Wilson did in the political field, though with less power and less comprehensiveness of vision.

For example, they had enough influence to get a commission appointed by the Council of Ten as early as January 23, through a British resolution, "to inquire into the question of the international régime of Ports, Water-

ways, and Railways." The British members of this Commission were the Honourable Arthur L. Sifton (Minister of Customs and Inland Revenue of Canada) and Sir Hubert Llewellyn Smith (Permanent Secretary to the Board of Trade). Both were able and persistent men with a clear idea in view of the situation and the issues at stake. Their programme was expressed in a resolution submitted in the second meeting of the Commission, on February 10, of which the first paragraph read:

> The High Contracting Parties declare themselves in favour of the principle of freedom of transit for persons, goods, ships (and aircraft) by land, water (or air), across territories belonging to or controlled by them.

This was assuredly an advanced, even a radical economic position to take, but in the face of all opposition the British maintained it throughout the Conference. On June 4, Balfour said eloquently "that the Conference was trying to rebuild the world. One of the methods was to open all international waterways to the world."[1]

These sweeping statements were among the most liberal economic proposals ever brought before this or any other conference. They would go far toward annulling the economic hindrances of political frontiers. But it is necessary to note their limitations. That they would confer a great general benefit upon the world may be taken for granted; but they implied renunciation of rights by the Continental nations without any corresponding sacrifice on the part of the British Empire. Europe would be thrown wide open to British commerce and would at the same time be held tributary in large measure to the British Empire through its control of shipping and raw materials. The fitting complement to

[1]Secret Minutes, Council of Five, June 4, p. 10.

equality of treatment on the waterways and railways of Europe would have been equality of rights in utilization of the British merchant marine or in access to the natural resources of the Empire. Such propositions, however, would have found no favour even among the liberal elements of the British delegation.

While there were thus these champions of the New among the British delegation at Paris—and more truly awake than those of any other delegation—their efforts were offset and neutralized by the reactionaries. But as compared with the economic policies of certain other countries at Paris that of Great Britain stands out as a shining example. She at least had some vision of the New World; she at least advocated some positive and constructive means for meeting economic chaos. If her policy sought too markedly to increase her own power in the economic field, or to improve the general situation for her own benefit, there were other nations which seemed actually to strive to make the general situation worse in order to improve their own relative positions. The policies of all the Continental Allies were more or less of this negatively selfish character—as will presently be shown.

CHAPTER XXXVIII

The Economic Policies of Continental Europe: France, Italy, and the small Nations— And of Japan at Paris

I. FRANCE

FRANCE was obsessed with the political settlements at Paris, and considered economic problems chiefly in the light of the future political security, greatness, and glory of France. There was no such muddle of old and new economic views in the French delegation as in the British. The French official policy was all Old, and, if clear, narrow, short-sighted, and self-contradictory. Whatever of the New existed in France—mainly among the labour and socialist leaders—was entirely off-stage and, unlike the British liberal opinion, had no appreciable influence upon governmental policy. The essential French economic policy was one of national individualism pushed to its extreme limits. The political security of France transcended in importance the general reconstruction of Europe. She maintained with obstinate tenacity the contention that her relative position must be made stronger than that of Germany even if the absolute standard of both, and of the whole world, be pulled down in the process.

France was in a wholly different economic position from England. England's very life depended upon foreign trade, and foreign trade upon peaceful and generally coöperative international relationships; but France lives largely within herself. She is economically more

nearly self-contained and self-supporting than any other great nation—even the United States. Under normal conditions her production and consumption nearly balance; she requires little foreign food or raw material; she is not greatly dependent upon foreign markets. Her population being nearly stationary, she has not needed to develop great exporting industries to give work to increasing labour. She has little or no carrying trade living by the commerce of other people. She lacked, it is true, certain commodities essential to modern civilization, like petroleum, but these she hoped to secure by old-fashioned diplomatic dickering, as in the secret arrangements with Great Britain for the control of Turkish resources—or through her special political arrangement with Poland and Rumania, where oil was to be had.

She was thus unaroused to any new or broad view of the economic interdependence of the world. She was interested only in France. She could not see the European economic organism as a whole. Her greatest outside interest, the huge French investments abroad, made out of surpluses of savings which in other countries—especially in Germany—had been devoted to strenuous industrial self-development, unfortunately did not open her eyes. Loans formerly made in Russia, Turkey, China, seemed to bear little relation to the reconstruction of Europe, and French leaders seemed to think of their collection in terms of political or military pressure rather than of economic coöperation.

In the economic as in the political field the vision of the French delegation was limited to the dictum with which Clemenceau closed his speech at the unveiling of a statue to himself at Sainte-Hermine, October 2, 1921:

"In the pitfalls of peace as in the upheavals of war, France above all!"

This slogan—not so very different from *Deutschland über Alles*, or, for that matter, "America first"—expresses a profound fallacy.

French economic welfare, though it may indeed respond more slowly than that of other nations to general tendencies, is yet fundamentally dependent upon them. France must stand or fall with the rest of Europe and the world.

Consider, then, the reaction of France, first toward the Immediate economic problems and then toward the Permanent problems.

Being so nearly self-sufficient, the immediate preoccupations of the British—ships, raw materials, cables, and the like—did not so greatly concern the French. Her greatest urgent economic interest and necessity was Reparation. Her territory had been ravaged, coal mines destroyed, factories ruined, even fruit trees cut down: she must have reparation.

France was determined, like the British reactionaries, to make Germany "pay to the last farthing," but was unhindered by any liberal group like that in England which was for building up Germany's power to pay. She was for her indemnity no matter what happened to Germany or to Europe.

President Wilson was continually arguing that reasonable terms for Germany and assistance in matters of food and raw materials would help the Allies, help France, by helping Germany to pay. As he said, June 10:

> Unless Germany received a certain amount of raw material and retained a certain amount of fluid assets, there would be no reparation to be received.[1]

[1]Secret Minutes, Council of Four.

One would suppose that here was an argument of self-interest the French would appreciate, but nothing of the sort. Whenever it was advanced in the Councils the French not only blocked, as far as possible, any concrete proposals for thus building up Germany, but immediately and heatedly—and perhaps not unnaturally—countered with eloquent statements of the suffering of France. What Clemenceau told the Council of Ten on February 12 he repeated a score of times:

> It had been stated that Germany would be supplied with raw materials; but the industries of France had been scientifically destroyed, not for military reasons, but in order to prevent France from recovering in peace time. That was how matters stood . . . France had lost 3,000,000 men, either killed or mutilated, and it is truly necessary that some compensation should be obtained.

Such statements of the suffering of France, though true enough—and no one who saw anything of it could help feeling the deepest sympathy for the French—led nowhere. The fact is that reparation, important as it was to France, was never approached as a sober, economic problem, but considered as a political instrument for crushing Germany and keeping her down permanently. Clemenceau's response to Wilson's suggestion, on June 10, that Germany be helped in order that the reparations might be paid, was:

> To do this would be to turn the world upside down. It would not be the conquerors but the conquered who came out best.

Here was the meat of the matter. France must come out politically greater than Germany whether both of them—and the world—were left absolutely better or worse off.

It was with this attitude of mind that the French approached every scheme of general reconstruction, the only

question they asked was this: Will it benefit France; will it injure Germany?

Consider the enormously urgent humanitarian as well as economic problem of reconstruction that faced the Conference at the very beginning; that of feeding the starving of enemy countries. On March 8, Lloyd George told the Council of Ten:

> The British troops were indignant about our refusal to revictual Germany. General Plumer had said that he could not be responsible for his troops if children were allowed to wander about the streets, half-starving.

Clemenceau's only reply on this point was:

> No doubt very pitiable reports were being received from certain parts of Germany in regard to food conditions; but those reports did not apparently apply to all parts of Germany. For instance, General Mangin had told him that there was more food in Mayence than in Paris. In his opinion, the food hardship was probably due to bad distribution.

This statement was a mere blinking of the fact, pointed out by Hoover a few minutes before, that, without relief, all urban Germany would be starving within sixty days. So the French, in one way and another, for one reason and another, obstructed the processes of immediate relief.

Individually the French were doubtless as susceptible to the appeal of suffering as any other people. The *poilu* would be as quick to share his ration with a starving German child as the "Tommy." But collectively, and through their political leaders, they closed their eyes and ears and hardened their hearts. They could the more easily do this by keeping their attention fixed upon their own injuries. While this attitude may be explicable as the result of the bitterness and suffering that grew out of the war, it nevertheless had a most dis-

astrous effect upon every effort at the calm consideration of economic recovery.

Another aspect of the same general problem was the attitude of the French toward Bolshevism. The British, and in lesser degree the Americans, saw this danger and desired to reinforce the entire social structure of Europe, weakened by the war, to meet it. But the French obstinately believed that Bolshevism could be successfully combated by military force. They would waste no time on other methods. Instead of displaying anxiety to prevent its advance into central Europe, they played with it as a factor in their political intrigues. There was undoubtedly a feeling somewhere below the surface that if Bolshevism was going to weaken Germany, so much the better! The appeal to help Germany's economic recovery as a bulwark against Bolshevism made no impression upon the French, although it was put before them repeatedly by the British and Americans. On March 8, Lloyd George presented it most eloquently:

> British officers who had been in Germany [he stated], said that Bolshevism was being created, and the determining factor was going to be food. . . . It was like stirring up an influenza puddle, just next door to one's self. The condition of Russia was well known, and it might be possible to look on at a muddle which had there been created. But now, if Germany went, and Spain: who would feel safe? As long as order was maintained in Germany, a breakwater would exist between the countries of the Allies and the waters of Revolution beyond. But once that breakwater was swept away, he could not speak for France, but trembled for his own country. . . . If as a result of a process of starvation enforced by the Allies, the people of Germany were allowed to run riot, a state of revolution among the working classes of all countries would ensue with which it would be impossible to cope.[1]

[1]Secret Minutes, Council of Ten, March 8.

But to this eloquent statement Clemenceau merely replied that "his information tended to show that the Germans were using Bolshevism as a bogey with which to frighten the Allies."

If any bulwark was necessary, the French believed it should be constructed beyond Germany, of the states under their influence, and that its means of resistance should be military rather than economic. They would never admit the danger of Bolshevism as any argument for lending themselves to a general scheme of European reconstruction.

Yet it would be a mistake to say that France had no constructive economic policy. She had, and just as she had thought out long beforehand her political objectives and embodied them in secret treaties, so she had thought out an economic policy and it was embodied in that economic equivalent of the secret treaties, the recommendations of the Paris Economic Conference of June, 1916.[1] This was in no sense a scheme of general reconstruction of Europe for the good of all countries; it was rather a special economic alliance, primarily for the good of France.

The allied nations (America not yet having come in) in that Conference laid down a whole programme of measures of commercial discrimination in each other's favour and to the disadvantage of the enemy powers, to be maintained over the period of reconstruction. Even some "permanent measures of mutual assistance and collaboration" had been added, with the statement:

> Whatever may be the methods adopted, the object aimed at by the Allies is to increase production within their territories as a whole to a sufficient extent to enable them to maintain and develop their economic position and independence in relation to enemy countries.

[1] See "A History of the Peace Conference at Paris," edited by H. W. V. Temperley, Volume V, pp. 366–369.

Although the British participants had regarded these declarations as an emergency programme dictated by particular conditions and perils which later passed away, the French held to them religiously as to a creed. Plan after plan put forward by them at Paris shows the influence of this fixed idea. Economic reconstruction, as they viewed it, amounted to a continued alliance against Germany, designed first of all to restore France and Belgium and to set them up as economic powers capable of competing with assurance of success against their rival across the Rhine. Everything else must wait for the consummation of this vision. The depressing of Germany's economic status was even regarded as favourable to the accomplishment of France's desire. Again the vicious circle! How could the European economic system be directed to the restoration of devastated France without the participation of a recovering Germany capable of bearing her share under a sound plan of reparation? One is tempted to conclude that, after all, the French sought reparation mainly from their allies rather than from their enemies, whom they wished only to ruin.

During the Peace Conference the words "economic solidarity" and "financial unity" were often used by the French, but they meant something very different from what they meant to British liberals or to Americans. They did not mean a general effort to heal the wounds of the war and get back to normal economic processes. They meant the "war after the war." They meant a continued economic alliance to support France against Germany. In short, in the economic field the French attitude toward international coöperation was exactly like that toward President Wilson's plan for a league of nations in the political field.

The French, for example, had a scheme of which Tardieu

makes much in his book[1] for "financial unity"—but this, when worked out, proves to be not at all a constructive organ of world coöperation, but rather a kind of financial high command to mobilize the financial forces of the Allies and to enforce the execution of the Treaty—a proposition President Wilson consistently refused to entertain. They also introduced in the League of Nations Commission a scheme for an economic section to "study and carry out, in the interest of civilization, great economic enterprises of international scope."[2] While this sounds high-minded enough, what the French implied by it was simply association of the "League group" of powers in exploiting the natural resources opened up by the war. France was willing to regard these as international undertakings to the extent of claiming for herself a share she might not otherwise have obtained—as the promise, held by her at one time, of receiving half the output of the Mesopotamian oil fields. What was in view was not constructive general coöperation based on general interests, but competition conducted by groups based upon special interests. That Wilson saw through their designs in this case is indicated by his comment "that he thought that the proposed new clause admitted a most dangerous principle which was known in his country as the principle that 'the flag follows the dollar.' The League should be on its guard against accepting principles of this kind."

Unable to disprove this construction of their proposal, the French withdrew it.

Except as taken in the sense described above, of a limited coöperation designed to help France and to exclude and damage Germany, the French were opposed to all efforts at limiting national economic individualism.

[1] "The Truth about the Treaty," pp. 336–345.

[2] Minutes, League of Nations Commission, p. 85.

Similarly, if their positive schemes of coöperation had this limited aim, they opposed in the Commissions and Councils British and other plans of general coöperation. In the important discussion of the internationalization of rivers, ports, and waterways the principle the French demanded was that domination as far as possible be transferred to the Allies—for example, the placing of representatives of Italy and Great Britain on the commissions of control of rivers passing through Germany. The French were quite willing to require Germany to allow freedom of transit to the Allies—without reciprocity. But they refused any commitments on their own part to anybody. So rigid was their attitude that, on February 24, in the sub-committee on freedom of transit, the British member "asked French Delegation to be good enough to state the reasons which would prevent France, for instance, from according freedom of transit to the other allied nations or to neutrals for several years; he had no objection to make as far as enemy countries were concerned." But he encountered only evasions.

Had the French had their way with the economic terms of peace and the general economic policy of the Conference, there can be no doubt as to where the world would have come out. It would be free from the uncertainties of the present situation, to be sure. It would be moving swiftly and surely—with the precision resulting from the "systematized constructions of the Latin mind"—along the road of economic retrogression toward the bankruptcy of our system of civilization.

II. ITALY

Italy's economic situation more nearly resembled that of Great Britain than that of France. Her economic condition as a nation dependent for raw materials on other coun-

tries, concerned with the shipping and foreign commerce, and with a healthy expanding population and growing industries, tended to make her international minded. There were elements of the New in Italy that did not exist in old and stationary France. While the Italians were over-acute in their political interests they were never obsessed, like the French, with a particular fear of rivalry. They were freer to respond to suggestions for joining in the great work of economic reconstruction. They recognized the humanitarian motive for feeding the enemy, although in certain distressing instances, as when they closed the Laibach railway line for the transport of food for starving Vienna, they permitted national sensitiveness to interfere with its exercise. They were far more alive than the French to the danger of a Bolshevist overturn, because of the powerful radical socialistic movement in Italy. The Italian delegates were not above using this peril as a club to extort particular concessions from their colleagues, but they also recognized it as a special reason for seeking to prevent the existing economic situation from becoming more serious. On January 21, Orlando warned the Ten:

> For his part, he did not believe that Bolshevism could become supreme in Italy, unless it found special conditions there. These conditions might be brought about by a depression of the morale of the people through one of two causes, either the disappointment following a failure to attain national aims, or an economic crisis. He asked that those present bear this statement in mind.[1]

In consequence of all these facts the Italian delegates were, naturally, disposed to take a reasonably liberal forward-looking attitude toward the economic problems confronting the Conference. Their policy was less

[1]Secret Minutes, Council of Ten, January 21.

broadly thought out than either the British or the French: but they saw much to be gained from international co-operation. When the Italian delegates withdrew from the Conference, in April, over the political question of Fiume, they were careful to leave their economic experts in Paris, in constant, if informal, touch with all that was going on in this important field. This anxiety of the Italians to keep in economic touch with their associates was not inspired, like that of the French, by any deep-laid plan for perpetuating the coalition against the Central Powers. As a matter of fact, the Italians had less fear and jealousy of the Central Powers than of their immediate, supposedly friendly neighbours, the Jugoslavs, or of the French themselves. Their eagerness for co-operation was due rather to an appreciation of gains to be derived by a less powerful individual nation through association with the stronger and richer.

The Italians were thus keenly interested in the matter of pooling of the debts, supporting the French rather than the British scheme for handling this thorny subject, and naturally enough they were the foremost advocates of the principle of assuring equal access by all nations to the raw materials of the world; for raw materials were essential to their national industrial existence; and they did not support the French in their thoroughgoing opposition to all projects of real commercial equality and freedom of transit. Crespi, the chief Italian economic delegate, instead of obstructing progress in the matter, for example, of projects of international freedom of transit, as the French did, rendered effective support to the British in this regard, and on one occasion in the Commission on Ports, Waterways, and Railways (February 24), rose to a real height of practical idealism when he countered a restrictive amendment proposed by the Americans with the remark:

The establishment of an international convention always meant the relinquishing of a portion of the rights of sovereignty; if any state were not ready to do its part it was useless to make an agreement.

Of course the Italians had always foremost in view sacrifices by the other fellow and advantages accruing to themselves; but such a calculation is nevertheless a first step on the road of enlightened self-interest which leads to the formation of societies, whether of individuals or states.

While displaying this interest in coöperative projects, however, the Italians proved also the most inveterate hunters of individual economic game by way of political bargaining and intrigue. They were constantly on the lookout for concessions and for petty advantages. A memorandum by Balfour on the problem of Asiatic Turkey (May 17, Council of Four) describes the Italian attitude beautifully:

My whole object is to give the Italians something which they will really like, and it seems that they have a great liking for concessions. I remember, when the Marquis Imperiali was comparing the advantages which the French would get out of Cilicia with the advantages which Italy was likely to get out of her share of Asia Minor, he was wont to dwell upon the wonders of a certain copper mine, which he said, I am sure quite truly, was to be found somewhere in the French zone. In the same way, I observe that Baron Sonnino's eyes are lovingly fixed upon a very indifferent coal mine on the southern shores of the Black Sea. Personally, I regard these hopes and expectations with considerable scepticism. I doubt the existence of these hidden riches in southern Anatolia. Even if they exist, I doubt whether their exploitation is going to make Italy rich; and I have a strong suspicion that even if these industrial enterprises are started under Italian patronage, they will be found after no great lapse of time to be under German management.[1]

[1]See Volume III, Document 41, for full text.

The last observation is especially acute, bringing out Italy's real economic weakness, her essential unfitness to play the game of national economic competition upon which she was so intent. It also indicates the orientation to which she is inevitably disposed by her persistent rivalry with France.

The attitude of the Italians toward the fundamental problems of reparations does not clearly appear. It was not of great importance, since the unity of France and Great Britain on these issues proved the deciding factor. In view of her own desperate financial straits, Italy could be counted on in general to stand with the group which favoured demanding the largest possible sums from the enemy. Thus she was with her allies on the question of including pensions and separation allowances in the categories of damages. She profited especially here through the adoption of a scale of calculation higher than she actually used in payment. She also opposed limitation of the total demands to a fixed sum. For the rest, the Italians were particularly intent on getting their claims recognized as a lien on the payments by Germany and not left enforceable solely against the fragments of Austria-Hungary.

The balance to be struck on the total effect of Italian economic policy at Paris turns out unfavourable. Its liberal tendencies were too little positive to be of much effect, while its persistent emphasis upon points of immediate national interest was an actively pernicious influence. The insistence of the Italians upon the economic aspects of the Turkish settlement was the last additional twist needed to render the tangle hopeless. Of course, the Italians are not wholly to blame: they were merely trying to play the game as their greater allies played it. If there had been more active good-will among

the other delegations at Paris, Italy might have been swung into a wholly liberal and constructive course. As it was, she had not enough resolution or weight to stand out against the old currents of national individualism, and she became only another example of wrong-headedness, another influence for disintegration rather than reconstruction.

III. JAPAN

Japanese economic policy at Paris presents a curious contradiction—due, undoubtedly, to her distance from Europe and to her political security. Like Great Britain and Italy, Japan is dependent in the matter of raw materials. She has a rapidly increasing population and, therefore, expanding industry, and finally, she has growing world commercial interests; but the reaction of Japan to these conditions, instead of being toward more economic coöperation, was rather in the direction of more and narrower economic imperialism. She apparently saw a better chance for securing the economic advantages she required by traditional politico-diplomatic methods than by the new and more difficult coöperative projects.

Just as French economic self-dependence gave her a false imperviousness to the general economic reconstruction of the world, so the aloofness of Japan and the temporary disorganization of Europe seemed to warrant Japan in playing a lone hand: devoting herself to a policy of pure economic individualism. But this policy, even more than in the case of France, was based upon a false calculation, for Japan is in reality largely dependent upon foreign markets and peaceful and coöperative foreign relationships, as was proved to her sorrow in the breaking of the silk market in 1920. But unsound or not, the economic policy pursued by the Japanese delegation at

Paris was that of the lone hand. Here, as in political and military matters, she seemed to shape her course on the Prussian model.

The attitude of the Japanese toward the various projects of reconstruction brought up in the Councils, the Commissions, and the sub-commissions, was one of indifference, of studied neutrality. They never had a word to say for or against them. Whenever their own special concrete interests were touched upon, however, they were instantly on their toes, whether the subject under discussion was a leased port, a mine, a railway, or a cable. Their position was always the same—hold tight to everything they could get their hands on, and the economic meat of a question was always what interested them most.

As regards the reparation problem, the Japanese asserted persistently their claims to a share in the receipts, but took little part in determining the principles.

One must conclude that the effect of Japan's economic policy upon the Conference was wholly bad. She pursued no reconstructive aims at all; her refusal to support such projects as appeared, and her narrow devotion to aims of material selfishness, contributed not a little to depress the level of economic wisdom and far-sightedness.

IV. THE SMALL STATES AT PARIS

The economic policy of the smaller allies, like their political programme, was modelled after the worst examples set by the great Powers. Although all were economically prostrate, and although their recovery and future prosperity depended most intimately upon the repair of the general European system, they were all most ardent advocates of national economic individualism. This was strikingly true of the new and enlarged states of central

and eastern Europe. Although largely made up of fragments of the Hapsburg Empire, which had lately formed an economic unit by virtue of geographic conditions and hoary political tradition, they resisted violently all attempts to mitigate the harmful effects of the abrupt severing of these ties, whether with the remnants of Austria and Hungary or with each other. Intensely jealous of their newly won national existence or increases in power, they insisted upon their full license to exercise all the attributes of national sovereignty. They aimed to begin at once the consolidation of new national unities by the imposition of an economic unification in total disregard of local and general interests. They hugged to their breasts all the implications of their "Balkanization" and eagerly applied themselves to criss-crossing Europe with a new maze of customs and transit barriers as with lines of trenches and barbed wire. They could not be restrained in either respect. As in the case of disarmament, the great Powers could not impose upon their small allies limitations to which they themselves refused to submit. Thus, when the British proposition for freedom of transit was pared down to apply only to the new states, the Czechoslovak and Polish delegates on the Ports, Waterways, and Railways Commission indignantly "enquired why their States were not treated on the same moral footing as the other States" (March 8). They were deaf to the advantages of reciprocity in the matter. On April 26, Sir Hubert Llewellyn Smith plaintively told the Four that "there was little doubt that the Smaller States would not agree to the proposal. Poland did not disguise her intention to adopt a policy of separate discriminatory bargains with other States in regard to commercial matters."

The Belgians were equally obdurate. In the League of

Nations Commission, "Mr. Hymans claimed the liberty for all to make commercial agreements, and claimed also special economic treatment in the future for countries who had suffered devastation by the Germans."[1] It is noteworthy, too, that in the question of the Scheldt, Belgium sought, not absolute freedom of use for all, but complete control. The French, naturally, encouraged the small allies in maintaining this point of view. It was their own, and it fitted in with their plan of building up a Continental coalition of satellite states, economic as well as military vassals, bound to her and opposed to Germany.

With regard to matters of humanitarian reconstruction, they all looked upon themselves solely as recipients, with no obligations to coöperate in the undertaking as a whole. On March 5 the Ten received a statement from Hoover to the effect that:

> The chaotic political and economic conditions in the states of the old Austrian Empire render the solution of the food problems extremely difficult. The newly constituted governments jealously guard their own supplies of food and coal and have created artificial barriers in the distribution of such native products as exist, and have made the distribution of imported foodstuffs extremely difficult by the disintegration of railway management and barriers on coal movements.

Immediate remedies were sought by giving the Relief Administration large powers in the control of transportation. But impediments still remained. On May 9, Hoover reported that, while Austria was being fed with imported foodstuffs, "there was actually a surplus of food in the adjacent Banat for which there were sufficient commodities in Austria-Hungary to provide payment.

[1] Minutes, League of Nations Commission, February 13, p. 64.

The Serbs, however, were refusing to allow the export of this food."

As for the dread of Bolshevism, the small states regarded this as one of their strongest claims on the greater Allies. They were forever clamouring: "Give us food, clothing, money, arms, munitions, supplies of every kind, grant us all our territorial demands, or we go Bolshevist!" In return, each was eager to play the rôle of gendarme of the Entente, of *condottiere* in a military enterprise.

The callousness of the small states toward the difficulties of the Relief Administration was matched by an indifference to considerations affecting the financial situation. No initiative devolved upon the small powers in regard to comprehensive schemes of financial rehabilitation; but they did incur a certain responsibility for the effects of their financial policies upon general conditions. This was especially the case with the heirs of the Hapsburg Empire. A whole system of national credit and currency was shattered; measures were called for at least to ease the shock of transition to a number of new units. But this duty the succession states obstinately refused to recognize. Even an appeal from the Council of Ten that they should pay the March coupons on the Austrian debt, in order to spare the financial world the impression of imminent bankruptcy, was rebuffed. Incorrigibly divided by hatreds, each fearful of having to make some sacrifice, they refused to coöperate. Each insisted upon shouldering its own burdens, pursuing its own course—and the devil take the hindmost! Nothing but regard for its own interests was to be expected from any small state.

With their devotion to the principle of national individualism, the small states were enthusiastically with the French in drawing the conclusion that national existence should comprise, as far as possible, economic self-suffi-

ciency—since national frontiers do constitute economic barriers, each state must get all the economic resources and facilities inside its frontiers that it could. Since real economic self-sufficiency is an impossibility even to the greatest empires, the struggle for it by every little state led to a *reductio ad absurdum* of the whole principle of national individualism.

Baron Sonnino, with bitter clarity, set forth the impossibility of any true basis of economic settlement upon narrow national lines:

> Baron SONNINO pointed out that in order to give Czecho-Slovakia some 60 kilometres of railway, about 60,000 Magyars were to be subjected to Czecho-Slovak sovereignty. This had been done in order to ensure unimpeded railway communication between Czecho-Slovakia and Rumania. Similarly, no less than 280,000 Magyars had been handed over to Rumania, and in Poland, together with 100 kilometres of railway, some 100,000 Germans had been made Polish subjects.[1]

Every problem at Paris, pursued with narrow nationalistic objectives, whether economic or political, led thus into blind alleys from which there was no escape. At every turn some new, broad, far-seeing principle of cooperative settlement was shown to be an absolute necessity—but except for President Wilson's programme for a league of nations and certain proposals of British liberals for new economic arrangements, none such existed, and none had any honest or genuine support. Military disarmament, for example, called for a substitute system of settling international disputes—like a league of nations—backed up by guarantees adequate to assure the safety of the states which committed themselves to it. Similarly cessation of economic conflict called for economic

[1]Secret Minutes, Council of Ten, May 12.

coöperation on a large and fruitful scale. With neither of these objects attained, the result is doubly vicious. Economic conflict passes over into war. It is inevitable that the contest for control by each nation of all the economic resources and facilities desirable for its development should be followed up by armed forces. Such was the result in eastern Europe; such is in large measure the explanation of the struggles over Teschen and eastern Galicia, and of the many local conflicts that plagued the deliberations of the Peace Conference, redoubling the economic anarchy already existing in those regions, and such will be the outcome among the Great Nations once they recover from their present exhaustion—unless new, broader coöperative methods are firmly introduced.

One need hardly attempt to sum up the economic policy of the small states at Paris. It had no constructive aspect. It was purely anarchic and tended only to further disintegration and the complete breakdown of production and exchange.

Since the Peace Conference, however, it is only fair to add, the small states, under the leadership of Czechoslovakia, have shown hopeful signs of a gradual new development of economic coöperation.

CHAPTER XXXIX

American Policies on Economic Questions at Paris—Attitude toward Reparations and Debts

ECONOMICALLY, the United States at Paris was in a wholly unique position. She was practically self-sufficient, like France, but was not under the fierce economic and financial pressure which was strangling France: she had vast international business interests, like Great Britain (and, to a lesser degree, Italy), but was not dependent upon them to anything like the same extent, and, therefore, not so sharply concerned about ships, raw materials, or trade privileges. She was like Japan in emerging from the war with greatly increased power, wealth, and prestige, but, unlike Japan, she was seeking no imperialistic expansion. She was rich, powerful, unexhausted, therefore not afraid. The statement of President Wilson that America had "no selfish interests to serve," that she "wanted nothing for herself"(though not quite accurate as to certain minor items) was thus not only an expression of an idealistic approach to the political settlements but a statement also of a plain economic fact. If the phrase expressed a disinterestedness of view which the President felt could be made of great potency in throwing the weight of America in the direction of just and impartial, if not generous, decisions, it also implied certain limitations. For how could America stand boldly for any new programme of international economic co-operation at all permanent when she had so few concrete interests of her own and felt no sharp need of it for her-

self? Knowing that she was powerful and self-sufficient enough to meet any future economic struggle, why bother at all with difficult problems of economic coöperation which might involve serious sacrifices upon her part?

It has been shown how completely President Wilson's political programme, with its principles of self-determination and mutual guarantees expressed in the new instrumentality of a league of nations, had its roots deep in the soil of American tradition and American aspiration; it was American policy extended and applied to the world. This was true also of his original economic programme for the peace settlements. He set forth clearly in Points II and III of the Fourteen Points, the two deeply rooted traditional American policies:

1. "Freedom of the seas" to the trade of all nations.

2. The "open door" and "equality of trade conditions"; "the removal, so far as possible, of all economic barriers and the establishment of an equality of trade conditions among all nations consenting to the peace and associating themselves for its maintenance."

Thus, while the President's political policy at Paris sought with far-sighted vision to knit the nations more closely together in a coöperative unit to guarantee the peace of the world, his economic policy (beyond the immediate problem of relief in which he was strong and positive) was negative in its character, and its purpose was to break down obstacles to international trade rather than to set up new or coöperative relationships. It was unity and coöperation in political affairs: *laissez-faire* in economic matters. The President was convinced that if world political stability could be assured and peace sternly maintained by the League, with trade barriers so far as possible broken down, economic relationships would speedily readjust themselves. Traders, properly pro-

tected, would trade again; private bankers would negotiate credits as in the past; goods would flow according to the law of supply and demand.

It is without doubt that the President, during the last year of the war, became more and more convinced of the primary need of political coöperation and more and more convinced of the vast difficulties presented by world economic problems. He saw growing up on every hand great state organizations for the control of raw materials, ships, money, and these coöperating with similar bodies in Great Britain, France, and elsewhere. They were in many ways more powerful than the state itself, and it was plain that once the war was over there would be a great reaction against such controls.

When, therefore, the war closed suddenly, the reaction in all nations, but especially in Great Britain and America, was powerful. There was a buoyant feeling that now that the war was over, everything connected with it should be instantly cast aside, and every effort be made to "get back to business." With expanded production, unheard-of financial resources, and a great merchant marine, new chances, made more glowing by the disorganization of former rivals, opened on every hand, in every part of the world. American business was impatient to be rid instantly of every restraint and to see the whole trade of the world opened once more. Our Government strongly shared this exuberance. Thus we find President Wilson in one of his most sanguine addresses to Congress, December 2, 1918 (only three weeks after the Armistice), after rehearsing how, during the war, we had set up "many agencies by which to direct the industries of the country," control "the prices of essential articles and materials," regulate shipping, "systematize financial transactions" —"by which," as he says, "to put every material en-

ergy of the country in harness to draw the common load and make of us one team in the accomplishment of a great task"—after rehearsing all these developments, he continues:

> But the moment we knew the Armistice to have been signed we took the harness off. Raw materials upon which the Government had kept its hand for fear there should not be enough for the industries that supplied the armies have been released and put into the general market again. Great industrial plants whose whole output and machinery had been taken over for the uses of the Government have been set free to return to the uses to which they were put before the war. It has not been possible to remove so readily or so quickly the control of foodstuffs and of shipping because the world has still to be fed from our granaries and the ships are still needed to send supplies to our men overseas and to bring the men back as fast as the disturbed conditions on the other side of the water permit; but even these restraints are being relaxed as much as possible and more and more as the weeks go by.

The results of this policy—paralleled by a reaction in Great Britain, where private business interests were also exerting great pressure upon the Government—were evident in several important lines of action. America began at once, despite the protests of the Allies, to attempt immediate restriction of financial assistance and the liquidation of the great organs of international economic control so laboriously built up during the war. The attitude of the American administration is well expressed in two passages from a cablegram sent November 22, 1918—only eleven days after the Armistice—by Secretary McAdoo to Commissioner Crosby at London:

> Approve of your indicating informally to Allied Governments that they should notify their nationals who are interested in the import of articles of general consumption to undertake at once to make private arrangements for their purchases and to state that a policy of re-

trenchment in the governments' loans from the United States must be contemplated as a consequence of the Armistice.

Am disposed to agree with your conclusion as to restricting the functions of inter-Allied bodies and gradually decreasing their activities and importance, thus concentrating all important negotiations and decisions in Washington.[1]

It is significant, also, that when he began to think of a future constitution for the world the President minimized the economic relationships, even those he had suggested earlier in the Fourteen Points. In his first draft of the Covenant of the League of Nations he omitted all references to trade or economic conditions—although the language of Point Three seems to imply its inclusion among the objects of the "association of nations" provided for in Point Fourteen. It was still absent from his second draft, although the principle of the "open door," in a limited sense, was now included in the mandatory clauses for the control of former German colonies. In the third draft, however, prepared after he had been some time in Europe, he added, upon suggestions from Lansing and Miller, a "supplementary agreement" which contained the general principle of Point Three.

But this provision was not pressed in the League discussions, for the President plainly felt that the difficulties of securing the adoption of the principles of international political coöperation would be sufficiently great without attempting even more controversial economic agreements. Already the Republican party in America, with its traditional policy of protectionism, was in control of the Senate!

This provision was, therefore, pared down in the final Covenant to a provision (of Article XXIII) for "equitable

[1]See Volume III, Document 44, for text of this cablegram with letter of transmittal from Secretary McAdoo to President Wilson. See also Document 53 for further explanation of the attitude of the Treasury.

treatment" which is far from equal treatment, and no effort was made to secure a real agreement for applying the principle. It was one of the many problems that the President felt should be left to the League to solve in the future.

As for the other great economic policy, the "freedom of the seas," the President considered that it would be met without specific provision by the organization of the League of Nations, "in which there would be no neutrals" —as he declared in a public statement, February 14. Although it appeared in the final American draft of the Covenant, it was not by the President's initiative, and the subject was never even discussed in the League of Nations Commission—or elsewhere.

It is easy to see, therefore, why the President should tell the group of experts on the *George Washington*, going over in December, that he was "not much interested in the economic subjects" to be discussed at Paris.

The American peace delegation thus went to Europe with only a small group of economic experts, headed by Professor A. A. Young and Colonel L. P. Ayres, as a part of the Inquiry Staff. These men were looked to for the economic facts that the Americans thought they might need in the negotiations—mainly statistics of wealth, trade, damage—like the statistics of areas and populations to be furnished by the geographical and other advisers.

Henry White, one of the American Peace Commissioners, thus truly expressed the position of the United States in one of the meetings of the Commission on Ports, Waterways, and Railways:

> When the United States delegation left the United States it was not aware that it would have to deal with this question of General [Economic] Conventions; it had prepared no material and had

brought no special experts on this subject. . . . Further, the United States delegation were of opinion that this question did not come within the scope of the Peace Conference but rather within that of the various governments.

On the other hand, if the Americans felt little interest in the more permanent economic relationships and were eager to "take the harness off" they did have a sharp realization of the immense importance of measures to hold Europe together economically and socially while peace was being negotiated. Wilson emphasized this need in addresses to Congress in November and December, and within a few weeks after the Armistice experts in great economic affairs were in Europe to take up these immediate questions: Herbert Hoover, who was thoroughly familiar with conditions in Europe, to look after the administration of relief; Edward N. Hurley, who had been chairman of the United States Shipping Board, to look after tonnage, and Norman H. Davis to pass upon the financial questions involved.

A little later and especially after his arrival in Paris, the President saw that he would need reinforcements all along his economic lines. To the American economic leaders already in Europe and the experts of the Inquiry Staff were soon added Bernard M. Baruch, who had been at the head of the stupendous work of the War Industries Board, Thomas W. Lamont, Vance McCormick, who had been chairman of the War Trade Board, and Professor Frank W. Taussig of Harvard University, Jeremiah Smith, Jr., George Whitney, L. L. Summers, Bradley W. Palmer, and others.

These men early began to act. On January 7, in the week before the Peace Conference first met, Davis wrote to the Treasury Department from Paris that "the President has, upon the recommendation of Colonel House,

designated Hoover, Hurley, McCormick, Baruch, Colonel House, and myself as a council, to be presided over by the President, and, in his absence, by Colonel House, with a view of coördinating the different activities and of determining policies to be pursued in the peace negotiations."[1]

While this American economic council, which came to be known as the "Economic Group," met more or less regularly and even kept minutes, it did not grapple with broad or general economic policies, but rather with immediate problems; and it was soon short-circuited by a less formal method of direct conferences and direct communications between the economic experts and the President himself. More and more, as the Peace Conference developed, the President leaned for advice upon these men, and not only in financial and economic questions, but he requested their suggestions upon other problems as well. As was the case with Lloyd George, the economic implications of the Peace gripped the President harder and harder as time went on; for how make peace and build a secure league of nations among hungry people whose daily work was in chaos for want of materials to work upon, whose credit systems were broken down?

The President, however, plainly did not at first appreciate how serious these immediate economic problems would soon become. He counted, as he told Congress, upon "the humane temper and intentions of the victorious governments" and upon their "unanimous resolution" to begin this feeding and economic assistance at once. He thought they meant what they said in accepting not only his principles but his spirit in approaching the settlement. It could all be handled easily and systematically, he declared, by the same method by which Belgium had been relieved,

[1]See Senate Document 86, 1921, p. 28.

and thus set free the "minds and energies" of these "oppressed populations . . . for the great and hazardous tasks of political reconstruction which now face them on every hand."

But the feeding did not begin; the opening of the Peace Conference was needlessly delayed for weeks; conditions in eastern and central Europe grew worse and worse; and the madness which comes of hunger, as the President prophesied in November, began to creep westward. It began to appear that there were no immediate "humane intentions" to feed the enemy! It was almost impossible to disconnect relief in the minds of European leaders from political uses; and while asking Americans to furnish the supplies they demanded that they administer them for their own purposes.

Hoover and Davis, however, pressed the negotiations, fully aware of the seriousness of the problem, and in December the Inter-Allied Supreme Council for Supply and Relief, with Hoover as Director-General, was organized and this developed later into the Supreme Economic Council.

Several powerful motives were behind this movement, first of all the humanitarian impulse, which is stronger, probably, among Americans than among any other people. The appeal made by Europe's distress following the Armistice was simply overwhelming. The stoutest advocates of isolation in Congress could not resist it; and exceptional legislation permitting further loans for the purchase of food was readily accorded. Wilson unquestionably spoke for the nation when, on February 7, he told the Council of Ten:

"He was proud as a moral man that on humane grounds it was not intended to let the people of Germany starve."

But there were other less disinterested motives for

restoring the economic coöperation for relief. Immense stocks of food had been produced in America under prices to the farmers guaranteed by the Government. The sudden stoppage of the war left these stocks, especially of pork, on hand; if America immediately broke away from inter-allied coöperative arrangements, as she proposed to do, how could she hold the European governments to the prices for these products agreed upon? This was a most embarrassing problem, which could be met and was met only by further coöperation.

Another motive, powerfully expressed by the President, was the importance of coöperating in the maintenance of the existing economic order in western Europe in order to stem the advancing tide of Bolshevism. The French objection that Germany's assets must not be encroached upon to pay for supplies was ably countered by Wilson:

> President WILSON expressed the view that any further delay in this matter [of feeding Germany] might be fatal as it meant the dissolution of order and government. They were discussing an absolute and immediate necessity. So long as hunger continued to gnaw, the foundations of government would continue to crumble. Therefore, food should be supplied immediately, not only to our friends, but also to those parts of the world where it was to our interest to maintain a stable government. He thought they were bound to accept the concerted counsel of a number of men who had been devoting the whole of their time and thought to this question. He trusted the French Finance Department would withdraw their objection as they were faced with the great problems of Bolshevism and the forces of dissolution which now threatened society. . . .[1]

The President's idea was not only to go forward with the positive work of sending food to the starving in enemy countries, but to enable them to help themselves by

[1] Secret Minutes, Council of Ten.

raising the blockades which still throttled them. Again and again he urged, as on May 1:

> President WILSON said that if the blockade was not removed until Peace had been ratified, Germany would go to pieces.[1]

But both these plans for this urgent assistance were blocked by the French.

One further economic problem—that of reparations—was also met by the Americans, as will be much more fully developed in later chapters, with a let-live policy of moderation. It had its roots in President Wilson's firm declarations of the terms of peace, before the war closed; there were to be "no contributions and no punitive damages." There was to be "reparation" but not "indemnity." He did not think of this, primarily, as the basis of a new economic programme; but in connection with the danger of such punitive damages to future peace and political stability in the world. Above any other nation represented at Paris the Americans stood for a cool-headed and practical solution of this problem; the immediate setting of a definite sum within the ability of Germany to pay, thus laying a solid foundation upon which to build a new financial structure in the world. It is not too much to say that if the advice of the Americans regarding reparations at Paris had been taken, the world would to-day be far nearer stability than it is. For the American experts were not only men of wide experience in large affairs, but they were the most disinterested of any similar group in Paris: they were not trying to "put anything over" but really to secure essentially just and reasonable settlements. But in this field also the American plan was blocked by the French, supported by reactionary British influences.

[1] Secret Minutes, Council of Four.

In its policies for meeting the urgent economic problems of Europe, which were also practically those of the British liberals—with food and with raw materials, accompanied by a prompt raising of the blockade on Germany, and with a moderate and definite plan of reparation—America was thus essentially practical, constructive, and forward-looking. These policies were calculated to hold Europe steady, start again the wheels of production and distribution, until private agencies could resume their old-time functions; and in the meantime the baffling political problems could be worked out and peace made with a new league of nations to guarantee it. If this complete American plan could have been promptly accepted and worked out in the spirit exhibited by President Wilson, everything at Paris might have been different—but it was not.

So much for the urgent problems: consider now the more permanent problems. With the political side of the settlements the Americans grappled strongly and constructively; they had vision—a glowing new vision of world political coöperation; but on the economic side their policy was only restorative and not creative. They acknowledged no responsibility for the future economic regeneration and organization of the world beyond immediate practical help in getting out of the morass of war. They were cold, as will be shown, even to most of the modest new plans of economic coöperation suggested by other nations.

America has not yet clearly perceived that she, too, is unescapably bound up not only with the future political security and stability of the world, but also with its economic security and stability. A newly crowded world with multitudinous new inventions for eliminating distance and time has utterly destroyed nationalistic isolation.

Nations must either fight or coöperate—and that all along the line. But the American policy at Paris was to cooperate politically, and to go back to the old economic rivalries, with each nation playing a lone hand. Thus in a letter to Senator Hitchcock (October 22, 1918) answering political attacks on the policy set forth in Point Three of the Fourteen, President Wilson said of the Peace Terms he had proposed:

> They leave every nation free to determine its own economic policy, except in the one particular that its policy must be the same for all other nations. . . .

In another letter written at the same time to Senator Simmons, he said—expressing, without doubt, the overwhelming majority of American opinion:

> I, of course, meant to suggest no restriction upon the free determination of any nation of its own economic policy. . . .

Thus when America came to the more permanent economic problems which began to appear as never before at Paris, our only programme was one of "let alone"—each nation determining, independently, its own economic policy. We were too strong economically to feel the immediate need of new coöperative arrangements as did the nations of Europe. We did not see how completely political stability and peace depended upon economic stability and peace; nor perceive that at the very moment that political peace was being made at Paris great private or even governmental economic agencies were pushing out their armies of exploration and exploitation and seizing upon oil, coal, copper, potash, and other wealth—with an unrestrained enterprise which must sooner or later, if no new understandings were developed, lead to new and more dreadful wars.

There was, for example, the stupendous permanent economic problem of access to the failing raw materials of the world which came up at Paris, clamouring for attention. America had here indeed a negative policy, the "open door," but no positive or constructive policy whatever. The implication of the "open door" and "equality of trade conditions" is "hands off" and a free scramble for the good things of the earth. This is a policy well enough, though dangerous, for the great and strong, like America, but where does it leave the smaller, crowded nations? And will it bring peace?

Another great permanent problem was that of the international debts, and behind these the problem of the financial rehabilitation of Europe; and after that the control of the many and new instrumentalities of civilization: aërial navigation, waterways, cables, wireless, railroads, port facilities. There was a whole complex of new international problems relating to labour—which the powerful labour organizations of the allied nations insisted upon presenting to the Peace Conference. Should each nation go its own way with all these agencies of human contact? What was to prevent their being used to flout or destroy civilization rather than to build it up? Airplanes, for example, can be turned over-night from the uses of peace to the most dreadful use of war. So in lesser degree of railroads, cables, and the like. By the side of these problems even the political difficulties of the Peace seem small. Yet for all these, as will be shown from the records of the Peace Conference, America offered little of vision or leadership (though it did have individuals at Paris who saw the seriousness of certain of the new problems—like those of communication—and had plans for meeting them).

This policy of aloofness undoubtedly represented the

overwhelming American opinion, and President Wilson himself never considered—could not have considered under the circumstances—entering into any economic arrangements for coöperation extending beyond the emergency of the Armistice period. As he told the Council of Ten on January 27, when the problem of an economic commission to deal with a continued control of raw materials came up for discussion:

> He could see ahead certain difficulties in connection with this matter. If he were to carry back to America a treaty in which economic arrangements with America's friends were included in the settlement made with her enemies, the Senate might raise objections. Congress was jealous of being forestalled in commitments on economic matters.

The President had undertaken the truly great task of bringing the country into a political league of nations, he could not venture to predetermine its economic policies with relation to Europe.

Consider the American attitude toward the problems of the financial rehabilitation of the world, of which the enormous international debts were one important aspect.

Various proposals, based upon continued international coöperation, were made for dealing with this desperate situation. The British had a scheme, called the Keynes plan, for financial rehabilitation, and there were various proposals for pooling or for cancellation of the debts in order to get Europe back to a solvent basis. But the Americans could see nothing but disadvantages for us in any of the arrangements suggested. They had continued to advance money after the Armistice, though Secretary of the Treasury Glass questioned the advisability of this,[1] but they did not consider at the moment

[1] See Senate Document 86, 1921, p. 29. See also Document 53, Volume III.

the ability of these nations to repay the advances. Anything except repayment of the foreign loans was regarded as simply out of the question. When the suggestion of doing something else about them was broached in the financial drafting committee of the Conference in February, it called forth a note from the United States Treasury (March 8) to both the French and Italian Commissioners, declaring that "the Treasury . . . will not assent to any discussion at the Peace Conference or elsewhere of any plan or arrangement for the release, consolidation, or reapportionment of the obligations of foreign governments held by the United States."[1] Such was the attitude of the Government, based without any doubt upon an almost solid public opinion. Lamont states that at Paris the idea "was always 'stepped on' by the American delegates."[2]

With their freedom of thought and action thus rigidly curbed by national limitations, the American representatives at Paris could not, of course, take a vital part in any coöperative scheme which involved the discussion of the American debts. They could only oppose all schemes, whether the comparatively modest plan of Mr. Keynes, or the more radical schemes of pooling or cancellation of the debts. Thus President Wilson in a letter to Lloyd George on May 5, not only criticizes the "economic and financial soundness" of the Keynes plan but presents the true obstacles:

> I am convinced, moreover, that it would not be possible for me to secure from the Congress of the United States authority to place a financial guarantee upon bonds of European origin. Whatever aid the Congress may see fit to authorize should, in my judgment,

[1]See Senate Document 86, 1921, pp. 270, 345.

[2]See chapter by Thomas W. Lamont, in "What Really Happened at Paris," p. 289.

be rendered along independent lines. . . . Our Treasury also holds the view (and in this again I concur) that to the very limit of what is practicable, such credits as it may be wise to grant should be extended through the medium of the usual private channels rather than through the several governments.[1]

But while Congress might object, and while the American policy at Paris was to get the control of credits back as promptly as possible into the hands of private bankers, yet the vast problems were there, clamouring for immediate attention. On May 8, for example, when a whole crop of economic questions of the greatest difficulty came up, "Mr. Lloyd George pointed out that all these questions were bound up with the elaboration of some scheme for providing credits for European countries, in regard to which he had already submitted a scheme; President Wilson agreed, but said it would be necessary to to find some alternative proposal, as the scheme [the Keynes plan] submitted by Mr. Lloyd George did not commend itself to the United States experts."[2]

But what had the American experts to offer in the place of such a scheme? The President had agreed to the necessity of doing something; yet the American delegation could not agree to anything which carried with it renunciation of any claims of the United States! The only action, therefore, that could be considered with regard to the debts of the Allies was, when boiled down, not more than a postponement of payment.

Two such plans are found in Mr. Wilson's files, drawn up following the rejection of the Keynes plan. One is in the form of a letter from Baruch, dated May 7;[3] the other is

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[1]See Volume III, Document 49, for full text.

[2]Secret Minutes, Council of Four.

[3]See Volume III, Document 50, for full text.

a printed report made at the President's special request by Davis and Lamont,[1] both of which will be treated elsewhere. Their proposals are substantially identical—refunding of past loans, further advances for purposes of reconstruction and revival of trade. Government financing was to be confined to the unavoidable minimum, for all these advisers believed, as Baruch wrote to Lord Robert Cecil who had been urging some form of continued economic coöperation:

"The salvation of the world must rest upon the initiative of individuals. Individual credit can be established where governmental credit is gone."[2]

The United States Government was to create some machinery for extending credits to foreign commercial firms under guarantee of their governments. There were many other features, such as gold loans to the poorer states to give them a basis of sound currency and the organization of unofficial bankers' committees. As regards Germany's needs and the relation of the American scheme to the reparation settlement, the Davis-Lamont memorandum stated:

> The only logical manner of meeting Germany's requirements for working capital is obviously to leave Germany with sufficient of her present working capital to enable her to restore her industries.

The President expounded his general policy, based largely upon these recommendations, on June 9:

> President WILSON: "He was warned . . . by his Economic experts that if peace was not signed very soon most serious results would follow throughout the world, involving not only the enemy but all States. Commerce could not resume until the present treaty was signed and settled. After that it was necessary to steady finance

[1] See Volume III, Document 51, for full text.

[2] See Volume III, Document 47, for full text of this letter.

and the only way to do this was by establishing some scheme of credit. He wished to say most solemnly that if enough liquid assets were not left to Germany together with a gold basis, Germany would not be able to start her trade again, or to make reparations. His own country was ready to provide large sums for the purpose of reëstablishing credit. But Congress would not vote a dollar under existing circumstances and he could not ask the United States bankers to give credits if Germany had no assets. Bankers had not got the taxpayers behind them as Congress had and consequently they must know what Germany's assets were. The United States War [Finance] Corporation was prohibited by law from granting credits unless they were covered by assets. Hence, if commerce was to begin again, steps must be taken to reëstablish credit and unless some credit could be supplied for Germany's use, the Allies would have to do without reparation.[1]

This plan, of course, was not designed as a broad or comprehensive programme of European rehabilitation. It was merely a method of giving the debtor time to "work it out"; while at the same time he was granted new loans. It was also dependent, like the Keynes plan, on a wise handling of all the issues of the Peace. The debtor, Europe, must, as the President argued—and as our Treasury Department set forth in a memorandum in 1920[2] —act with the greatest wisdom and restraint. Sacrifices—as of extreme demands for reparations—must be made; trade barriers must be broken down; there must be free access to raw materials. Thus in his letter to the President of May 7, on a financial plan of reconstruction, Mr. Baruch made the statement:

> A prime condition of our granting aid should be the establishment of equality of trade conditions and removal of economic barriers.

The Davis-Lamont memorandum of the 15th contained a similar "condition," and other sound advice on economic

[1]Secret Minutes, Council of Four.

[2]See Senate Document 86, pp. 79–80.

policy, besides the observation on financial terms for Germany outlined above.

In short, while requiring the payment in full of Europe's debts to us, we were also demanding a removal of all economic barriers so that our unharmed and mighty private business interests could rush in to every market. At the same time that we were arguing—and rightly arguing—that France and Great Britain abate exorbitant claims to reparations in order to bring about the common good of Europe, we dared not offer to abate anything for the common good of the world. We argued that Europe must coöperate and sacrifice in order to pay her debts to us—but we could offer nothing but postponement in return. In short, our policy both as regards the League of Nations, and the effort to secure coöperation in economic rehabilitation, has seemed to involve the abandonment of European nations to their difficulties while holding them to their obligations.

It is not the intent in such a narrative of events as this to argue that the debts should or should not have been "abated" or "cancelled," but merely to point out as an historical fact that the Americans were unable at that time to meet the real problems presented on any broad basis of coöperation, of that "give and take" which represents genuine sacrifice upon both sides.

In short, the Americans at Paris found themselves, so far as these problems were concerned, travelling always in a vicious circle. We were arguing that Europe must put its house in order before the United States could or would help further. But Europe could not do this, argued the European leaders, without powerful American coöperation; for America had all the money and controlled, to a great extent, the economic resources of the world. In this vicious circle, no coöperation without reform,

no reform without coöperation, the arguments at Paris went round and round in weary reiteration—as they have gone on ever since in the haggling over efforts to get America into the Genoa Conference and the later Hague Conference.

The President's position all along, of course, was plain. The nations were to join with good-will in a league of nations for which each was to make the real sacrifices which must lie beneath all true coöperation. America's sacrifice was symbolized in Article X which the President called the "heart of the Covenant." During the chaotic after-war period, America was also to coöperate economically to restore Europe, as she did nobly in the Supreme Economic Council. Once the League was in being, and all the nations working together, then these more difficult and delicate economic relationships could be gradually worked out. More than this the President could not ask, at that time, of public opinion in America; and even this he did not finally secure, for America was apparently unwilling to make either political or economic sacrifices. And with America unrepresented either in the League or in the important Reparations Commission we are becoming, with the enormous dead weight of obligations we hold against Europe, an actual obstacle to world recovery and world coöperation, rather than the true and constructive leader of a new world.

CHAPTER XL

The Supreme Economic Council—I: Problems of European Relief and Reconstruction —Hoover's Work

WHATEVER the disorganization and demoralization wrought by the World War it forced, for a time, a degree of international unity and coöperation never known in the world before. Out of it grew, first, the Supreme War Council, which controlled the vast military activities of the Allies. This was succeeded after the Armistice by the Council of the Heads of States (the Ten and the Four) which for months dominated from Paris the political and diplomatic affairs of the world. And finally there grew up during the war a network of international economic organizations far in advance of and much more powerful than any ever known before. Out of these, during the Peace Conference, developed the Supreme Economic Council, which became for a brief time a kind of economic world government: the greatest experiment ever made in the correlation, control, and direction, in time of peace, of international trade and finance. In some ways it was the most interesting and significant, because it was the newest, aspect of the Paris Conference. Military and political alliances and cooperation are not new in the world, but such a degree of economic coöperation never before existed.

When the war closed in November, 1918, with wild rejoicing in all allied countries, a remarkable diversity of view at once developed between America on the one hand

and the nations of Europe on the other regarding these great international systems of control over the purchase, transportation, and distribution of food and raw materials. In America, which had been little injured by the war, and where there was a superabundance of most of the necessaries of life, the reaction against them was swift and violent. The great dominating private business interests of America were not only profoundly suspicious of such governmental controls, whether national or international, but, beyond those of any other nation, felt capable of standing on their own feet and taking quick advantage of the reopening of world trade. In this, as has already been shown, the American Government, which was then bearing the chief burden of finance and supply of the allied cause—and each month being committed more deeply—was entirely in sympathy. As President Wilson expressed it:

> . . . the moment we knew the Armistice to have been signed we took the harness off.

Europe, on the other hand, and especially the weaker nations, faced by acute economic distress, financial collapse and even starvation, looked with utter dismay upon an abrupt termination of these great and serviceable economic organizations. This was true also of most of the men, including some of the Americans, who were closely enough associated with them to know, at first hand, the economic crisis existing in Europe. Even before the Armistice was signed these men were agitating for a continuance of the system over some period, at least, of transition. Members of the Allied Maritime Transport Council, for example, succeeded in getting the British Government to advocate this view and even to suggest a coördination

of all such councils under a "General Economic Council."[1]

But by the time the proposal (of November 13, 1918) reached the American Government the movement for scrapping all controls and disabling all organs of coöperation was too strongly under way to be readily turned back. All that our Government would admit was the possibility of creating some new machinery of coöperation for dealing with the problems of the Armistice period, the chief of which was the feeding of Europe's populations. A long negotiation over this subject resulted in the agreement to form an Inter-Allied Supreme Council for Supply and Relief, reached on December 12; the Council, however, did not get to work for another month.[2]

By the time the Council assembled, pressure of circumstances had shown the Americans that they could not withdraw from economic coöperation with Europe to anything like the extent they had contemplated. There had, after all, to be a considerable period of convalescence, of skilled nursing, after the fearful fever of the war. They found Europe prostrate, a distress crying aloud for relief, and they perceived a great wave of economic revolution—Hoover called it "economic anarchy"—gathering to engulf the world if the established order were not immediately reinforced.

At the same time they suddenly discovered that the abrupt withdrawal from war-time coöperation was a game that more than one could play. The British, for example, hinted that if American financing was to stop immediately, the European governments might find it impossible to go on purchasing American food at war-time prices. Huge surpluses of food had accumulated in

[1] See "Allied Shipping Control," by J. A. Salter, pp. 220–221, 329–330.

[2] *Ibid.*, p. 221.

America—especially pork—produced at guaranteed prices. If the prices were thus suddenly to break, American farmers, their bankers, and manufacturers of food products, might all go down in ruin. Hoover, in Paris, was pacing his floor and wringing his hands over the prospect. If, on the other hand, the American Government stood the loss, throwing it by taxation upon the country at large, it might not only cause a political upheaval, but the food, which the most helpless nations of Europe urgently needed, might rot in American warehouses.

Norman H. Davis, who had been in Europe and knew conditions, wrote to the Treasury on January 7:

> It is, in my opinion, good business to make advances rather liberally until we can get rid of the large surplus stocks of high-priced guaranteed food-products.[1]

While Secretary of the Treasury Glass took a strong stand against this proposal[2] he could not restrain the élan of Hoover, who saw the Food Administration for which he was so largely responsible threatened with sudden disaster.

On January 8 the crisis came. The British withdrew their monthly buying orders. Hoover wrote an anguished letter to President Wilson on that day setting forth the seriousness of the situation: a surplus of 400,000,000 pounds of pork alone in America—held at war prices!

> If there should be no remedy to this situation we shall have a debacle in the American markets, and with the advances of several hundred million dollars now outstanding from the Banks to the pork products industry we shall not only be precipitated into a financial crisis but shall betray the American farmer who has engaged himself to these ends. The surplus is so large that there can

[1] See Senate Document 86, "Loans to Foreign Governments," 1921, p. 28.

[2] *Ibid.*, p. 29.

be no absorption of it in the United States and it, being a perishable product, will go to waste.[1]

The President acted at once, and new coöperative arrangements were made with the European governments whereby the allied nations were to continue their purchases at war prices, but allowed to resell to neutral and enemy countries, the proceeds to apply to further purchases in the United States. If this arrangement did not take care of the situation then, as Hoover's cable of January 23 sets forth, "the United States Treasury will advance the necessary amounts to pay therefor in the usual manner."[2]

This arrangement finally committing the United States was largely responsible for the fact that the new Council of Supply and Relief got down to business on January 11. Hoover was made Director General of Relief and turned his unsurpassed talent for administration to the building up of an efficient organization for helping Europe out of her slough of distress.

But food supply, although the most urgent, was only one of the many economic concerns of the allied powers. Great organizations had also existed for taking care of shipping, communications, the blockade, finance. These had also been left at loose ends, for the war was over, and the peace organization had not yet awakened to its real tasks.

Conditions rapidly grew worse instead of better; it began to appear that the economic breakdown was even more serious than political disorganization. Russia was the extreme example of what might take place throughout all Europe. Hoover's new work dragged: it was not sup-

[1]See Volume III, Document 45, for full text of this letter with Hoover's accompanying memorandum.

[2]See Senate Document 86, "Loans to Foreign Governments," 1921, p. 35.

ported, nor properly correlated with the other economic organizations. While the politicians were bickering the world was literally falling into ruin.

The Americans were the first, once they had taken hold of the relief problem, to recognize the conditions and to propose extending the machinery of international economic coöperation. Whatever the theoretical opposition to such controls, they had to face an immediate and practical problem. Europe could neither be allowed to starve nor yet to sink into the "anarchy of hunger" which might destroy the whole fabric of civilized society. On February 8 President Wilson laid the foundation for what was to become, during its brief existence, the most powerful economic organization the world has yet known: the Supreme Economic Council. His resolution in the Council of Ten, which was forthwith adopted, is so important that it is here reproduced in full:

(1) Under present conditions many questions not primarily of military character which are arising daily and which are bound to become of increasing importance as time passes should be dealt with on behalf of the United States and the Allies by civilian representatives of these governments experienced in such questions as finance, food, blockade control, shipping and raw materials.

(2) To accomplish this there shall be constituted at Paris a Supreme Economic Council to deal with such matters for the period of the Armistice. The council shall absorb or replace such other existing inter-allied bodies and their powers as it may determine from time to time. The Economic Council shall consist of not more than five representatives of each interested government.

(3) There shall be added to the present international Permanent Armistice Commission two civilian representatives of each associated Government, who shall consult with the Allied High Command, but who may report direct to the Supreme Economic Council.

Thus was created a great independent coördinate organization, one of the Olympian bodies of the world the



Colonel House and President Wilson

power of which increased as time went on. At first it submitted its resolutions pretty regularly to the Council of Ten before putting them into effect; but, on March 5, that body ruled, on Balfour's initiative, that the Supreme Economic Council possessed full executive authority within the limits of its charter of creation and required no higher approval of its decisions. Thereafter, the two Councils came into direct contact only when economic matters of important political effect were under discussion.

If the political settlements at Paris were largely dominated by the French, the economic controls were largely in the hands of British and Americans for they represented the economic power of the world. Consider the chairmen of the various sections:

Food and Relief	Herbert Hoover, America
Finance	Norman H. Davis, America
Communications	General Mance, Great Britain
Raw Material	Louis Loucheur, France
Blockade	Vance McCormick, America
Shipping	Kemball Cooke, Great Britain

The Council itself was composed of five delegates from each of the four great Powers. After a time Belgian delegates were added. At first the meetings were presided over in rotation, Lord Robert Cecil for Great Britain, Mr. Hoover for America, M. Clementel for France, Signor Crespi for Italy, but it soon became the practice for Lord Robert Cecil to preside at all meetings.

It is not the intent here to survey in detail the wide-flung organization and activities of the Supreme Economic Council—that would require a book by itself—for it would lead too far away from the consideration of international policies regarding economic relationships, as

they developed at Paris, with which we are chiefly concerned. An abundance of constructive vision and practical knowledge existed in the world to operate such an organization after it was created; the real problem lay behind. It consisted not only in building up the spirit of international coöperation, but of showing its inevitability, and of persuading nations with widely different traditions and forms of government, to say nothing of divergences in economic resources, to make the necessary individual sacrifices in order to promote the common good of the world. This was the real and great problem at Paris.

Suffice it to say, however, in passing, that upon its practical side the achievements of the Supreme Economic Council were great and notable. Order was stabilized over a dangerous period of stress by maintaining a more or less regular supply of the necessaries of life throughout the greater part of the most disturbed region of Europe. Time was given for the normal processes of economic life to resume their functioning and some permanent work of material reconstruction was accomplished, particularly in the domain of transport and communications. The bulk of all this work fell upon the Food Section, of which Hoover was chief. This work enabled him not only to help feed Europe but to prevent disturbances in America by maintaining the war-time level of the price of pork and other commodities to the American farmer.[1]

While the work to be done was thus itself straightforward enough, great and serious differences arose among the nations as to the functions, the power, the scope of this great coöperative organization, a study of which will be found of the greatest value in facing the new economic problems now crowding upon the attention of the world.

[1]See Chapter by Herbert Hoover in "What Really Happened at Paris," edited by E. M. House and Charles Seymour, p. 343.

Two general classes of divergence arose in the treatment of these economic questions—both having political implications. In the first place, while it was generally agreed that the Supreme Economic Council should take care of the immediate economic distress, the urgent problems were continually presenting themselves as permanent problems, extending far into times of peace. How far could these more permanent arrangements be allowed to develop? How far dared the political leaders commit the jealous governments behind them to lasting economic arrangements? Most of them dreaded the growth of these extra-political bodies with their hands upon the money, food, goods, of the world. Might they not become too powerful?

In the second place, fundamental differences of view developed at the very beginning between the Americans and British on the one hand—the nations chiefly controlling economic supply—and their continental associates, particularly the French—the nations in greatest economic need—on the other.

To the Americans and British the economic task seemed relatively simple and temporary. It was to relieve the distress of Europe and thus prevent economic chaos in the world until Peace could be made. This Peace was to be guaranteed by a league of nations, and the huge and complicated system of private business enterprise accompanied by national economic rivalry set going again. Of course, the Americans and British, being the strongest nations, economically, in the world, were best fitted to profit by a safe return to the old system.

But to the other nations of Europe, which were not only much less powerful in an economic sense, but had suffered far more, the problem was less simple or temporary. The old economic organization and balance of

Europe, unstable at best, had been hopelessly shattered. Moreover, it must never be forgotten that continental Europe, with rapidly expanding and crowding populations, was actually under-supplied, not only in time of war, but in time of peace, with economic necessaries, while America and the British Empire were over-supplied.

Without some form of international coöperation with a much stronger and more definite economic basis than that offered by the American-British League of Nations, they considered that their only resource, in order to meet future bread-and-butter necessities, was through the old competitive political and military methods. In the settlements, therefore, each nation must greedily seize upon and get within its political boundaries or within its colonies all the food sources, coal, iron, oil, phosphates, that it was possible to get; and to guarantee these new possessions, not with a league, but with actual military alliances and by potential military force. There must also be permanent economic arrangements, not on the broad basis of world coöperation, but rather by special economic alliances. Thus France was powerfully for international economic coöperation—against Germany!

Consider the economic problems which arose in the light of these differences of view. The most urgent was the feeding of the principal enemy—Germany. The Americans and British were for going ahead on the simple basis that hungry Germans needed to be fed as badly as did hungry Belgians or Serbs, and that Germany, being an inevitable and necessary factor in the economic organization of the world, could not be neglected without inducing anarchy, encouraging Bolshevism, and threatening the existing economic system of the world. But the French did not want Germany's economic power revived lest the security of France be again menaced. They

did not want to relax the blockade or return to normal economic relationships until their terms of peace—which involved the permanent economic weakening of Germany as compared with France—were accepted. A conflict involving all these matters arose from the very first.

It is amazing that two full months should elapse after the Armistice of November 11 before anything whatever was done to redeem the promise in the 26th clause of that Armistice:

> The Allies and the United States contemplate the provisioning of Germany during the Armistice as shall be found necessary.

It was not until January 11 that the new Relief Council assembled to meet the problem which everyone admitted was and had been urgent. The Americans proposed that Germany should pay for supplies furnished her in gold or negotiable foreign securities. The French immediately objected, asserting that they must have all these liquid assets for reparations, no matter what happened to Germany. They argued that if our Government was so anxious to feed the Germans it could extend the necessary credits. They felt that every mark paid to America for food was a mark less to be paid to France for reparations; they refused to see that Germany might pay more in the end if given prompt help in the beginning. This deadlock was complete and had to be referred to the Council of Ten on January 13.

After a somewhat heated debate, the French were brought to concede the establishment of a special food credit of $90,000,000, extending over two months, against Germany's liquid assets. Yet even this stop-gap agreement was not carried out, as Hoover complained in his letter to the President, on February 4. He wrote:

The French, by obstruction of every financial measure that we can propose to the feeding of Germany in the attempt to compel us to loan money to Germany for this purpose, have defeated every step so far for getting them the food which we have been promising for three months.[1]

Hoover's plan of further relieving Germany's distress by a relaxation of the blockade met with no greater success, although the President attempted to trade it off against the demands for the surrender of German armament which the French were putting forward at the time.

The situation was further complicated by the insertion of a clause in the renewal of the Armistice on January 16, requiring the Germans to turn over their merchant fleet to help in "the provisioning of Germany and of the rest of Europe." Although they had agreed to this condition the Germans delayed its execution until the allied and associated powers should give some material evidence and clear statement of intention to fulfil their original engagement.

At the opening of the negotiations for the renewal of the Armistice in February, the German delegates made a bitter protest:

Three months have gone by since the 11th of November, and a month since Germany consented to put her fleet in the general "pool" of the world. Throughout this period, and up to to-day, the German people have not had the benefit of one gram of food, of fats, or of milk, more than they formerly had. . . . We make sacrifice after sacrifice, and in giving up our goods we are reaching the very limit of poverty. We do not want the food that we need as gifts; we want to buy it. Nevertheless, its delivery is postponed more and more, and we are suffering from hunger. If the Entente wishes to annihilate us, it at least ought not to expect us to dig our own grave.[2]

[1]See Volume III, Document 46, for full text of this letter to President Wilson.

[2]From Annex A, Secret Minutes, Council of Ten, February 17.

The delay in surrendering the ships was only seized upon by the French, however, as an additional reason for refusing any concessions; they demanded unconditional fulfilment of the requirement before they would promise anything. They were confirmed in their opposition by the fact that the grants of relief by the American Congress and the British Parliament excluded Germany from benefiting by them. This limitation ruled out the possibility of financing German relief by long-term credits, leaving no alternative but the devotion of her liquid assets to the purpose.

The French clung to their claim on these with renewed obstinacy. They urged that the Germans be made to pay for their food by exports of raw materials, such as coal, iron, and potash—an especially unpracticable proposition, in view of the undernourished condition of the German workmen.

The crisis came on March 6, when the Armistice Commission at Spa telegraphed that "the German delegates refused to deliver their mercantile marine in its entirety until a definite programme of food supplies has been arranged up to next harvest."[1] On the 8th, in a joint session of the Council of Ten and the Supreme Economic Council, the Americans and British fought out their differences with the French. They proposed a programme such as the Germans demanded, including among the measures of finance the transfer or pledge by Germany of gold and foreign securities. Lloyd George and Clemenceau led the opposing sides in the fight. When Clemenceau insisted that the Germans be made to "work for their food," that is, pay for it by exports of raw materials, Lloyd George pointed out that this proposition merely put the whole controversy back on the old basis of Jan-

[1]See Annex A, Minutes, Council of Ten, March 7.

uary, since which time nothing whatever had been accomplished.

He appealed to M. Clemenceau to put a stop to these obstructive tactics, otherwise M. Klotz would rank with Lenin and Trotsky among those who had spread Bolshevism in Europe.

Clemenceau came back with an equally warm rejoinder based upon his usual reference to the sufferings of France, and making the very real point that it was chiefly at her expense that the whole enterprise would be carried out.

M. CLEMENCEAU explained that his country had been ruined and ravaged; towns had been destroyed; over two million men had lost their lives, mines had been rendered unworkable, and yet what guarantees had France that anything would be received in payment for all this destruction? She merely possessed a few pieces of gold, a few securities, which it was now proposed to take away in order to pay those who would supply food to Germany; and that food would certainly not come from France. In a word he was being asked to betray his country and that he refused to do.[1]

Following these lightning flashes, the air began to clear. Loucheur, the most reasonable of the French negotiators, took charge of their side of the case. He "quite agreed that the Germans could not be expected to work until they had been fed," and he offered substantial concessions to the Anglo-American proposals pending the restoration of Germany's ability to pay her bills by exports. He agreed to accept, with certain conditions, the Cecil programme for provisioning, with payments by Germany to the extent of $200,000,000. It was further agreed that the interrupted negotiations for delivery of the German merchant ships should be resumed and that the Allies, represented by a British Admiral, should announce to Germany that, on condition

[1]From Secret Minutes, Council of Ten, March 8.

that she "formally acknowledges and undertakes to execute her obligations . . . the delegates of the Associated Governments are authorized and directed to proceed upon these instructions as to revictualling." This was practically a return to Wilson's proposal of February 7, which Clemenceau had so hotly rejected as a "bargain" with the Germans.

The allied delegates met the Germans at Brussels, March 13–14, and quickly brought the provisioning agreement to a conclusion on these new terms.

The Germans, now convinced that the Allies really intended to ship food, agreed readily enough to the surrender of the ships, and thus brought into effect, after four months, a definite scheme for carrying out the pledge of the original Armistice convention.

So much for the work of the Supreme Economic Council in the case of Germany, which, of course, furnished the toughest problems. Most interesting and important work was also done in connection with the feeding or policies for feeding Austria, Hungary, Poland, Finland, Russia, and the Baltic States, but this, with the exception of one great new problem of first-class importance, presented few issues of general interest.

This new problem, which year by year is destined to become a more significant factor in all international relationships, concerns the use of the enormous power arising from the control of the economic necessaries of life—food, coal, and other raw materials—for determining the destinies of nations, in short, the use of the "economic weapon." It was only in its crude beginnings at Paris; but the world will have a fuller taste of it in the future!

The French, for whom political objectives were of first importance, saw the possibilities of the use of this new form of power more clearly, perhaps, than any other nation

at Paris. They wished not only to use it permanently for keeping Germany down but also, in a minor field, for breaking up the German Empire. Thus, when they found that they must commit themselves to the programme insisted upon by America and Great Britain of feeding Germany, they instantly considered how they could so turn the scheme as really to injure the Berlin Government. This they proposed to do by making a separate food arrangement with Bavaria, sending food there from France and thus trying to make a breach between North and South Germany and at the same time place Bavaria under obligations to France. This proposal, plainly put in the Council of Five, March 27, was vigorously attacked by Hoover on the economic side and by Lansing on the political side, and finally quashed.

But a far more interesting and significant example of the new use of economic power is to be found in connection with the feeding of Hungary.

After the Bolshevist revolution there (March 21) the country was totally outlawed and cut off from relations with the world—including the operations of relief. Food supplies were stopped and a resolution of the Supreme Economic Council to remove the blockade, at the same time as that on Austria, was recalled (March 28). In another chapter ("The Dark Period") it has been shown how the provocation of this revolt entered into a great militarist intrigue for precipitating an armed campaign against Bolshevism. The leaders of the Supreme Economic Council had no sympathy with such an enterprise, although some felt that a show of force might cause the collapse of Bela Kun's government.

It was the French military authorities in the Near East who first closed the Hungarian frontier to the food trains of the Relief Administration. They expected, of

course, to be moving troop trains in a few days; but when the orders for an advance failed to arrive, they continued the blockade. Had it not been for this arbitrary action of the generals, relief work would doubtless have gone on, and the sinister principle of the boycott would never have been established. Even as it was, the Americans debated among themselves as to whether they should accept the situation; and, on April 2, they agreed to fight for the feeding of Hungary—but to await the result of the Smuts mission.[1] By the time this essay in conciliation had fizzled out, the food blockade was an established policy.

Hoover did not fight against it, but joined the others in standing aside until the Bolshevist government should fall. He abhorred Bolshevism and only disagreed with the military leaders as to the means of combating it. If relief work was a means of building up the existing order against attempts at overturn, the denial of it and the maintenance of a hunger blockade might be powerful weapons for breaking down an organization opposed to the existing order. If people were hungry, let them throw down their false gods.

When, on May 9, a proposal to remove the blockade on Hungary was mentioned in the Council of Five, Hoover, who was present, hastened to interpose a deprecatory explanation.

> Mr. HOOVER pointed out that the proposal referred to . . . had been reached by the Supreme Economic Council on the supposition that the Bela Kun government would fall at once. So far that had not happened; but the Supreme Economic Council asked for a mandate to act as soon as that government should disappear. The information available went to show that two days ago it appeared certain that the Bela Kun government would be upset. Unfortunately, the invitation to Austria to attend the Peace Conference

[1] Minutes of "Economic Group."

had been interpreted to include the Hungarian government with the result that Bela Kun's government had again been put on its feet.

The blockade was maintained in effect until Bela Kun was finally brought down, in August, partly through the efforts of the American Relief Administration.[1]

It is not possible here to go into the complicated Hungarian problem, but only to point out the use of economic power by the Supreme Economic Council. It was used again in Poland quite apart from any question of Bolshevism, for the support of Paderewski as against the imperialists who were trying to force his resignation; and above all it was used in connection with Russia.

These references to the use of economic power for political ends must not obscure the fact that the work of the Supreme Economic Council was in general nobly beneficent, and indeed absolutely necessary to the stabilization of Europe at a disastrous moment. Yet we must appreciate the dangers as well as the benefits of such a concentration of economic power. We must understand the close connection between economic and political problems in our existing order of society. The flounderings of the late Genoa Conference illustrate well the difficulty of making the concept of the indissoluble common interests of nations prevail over the radical antagonism between two economic systems. It still remains to be seen whether a *modus vivendi* can be arranged which will enable the world to function again as an economic whole, with all its essential parts contributing their share to the general welfare.

[1]See article by T. C. C. Gregory of the Relief Administration, in *The World's Work*, June, 1921.

CHAPTER XLI

Supreme Economic Council—II: Problems of Lasting Coöperation—Financial Reconstruction—The Keynes Plan—Prolongation of the Supreme Economic Council

THE accomplishments of the Supreme Economic Council in getting food programmes under way obviously did not constitute a solution of Europe's fundamental economic problems. They only gave a breathing spell—which the Council of Four utilized mainly for pursuing the political discussions arising out of the claims of France and Italy. But, as a matter of fact, even the relief work was not on a really solid basis, as had appeared from the first in the controversies over financing the supply of food to Germany. It was easy to see that the urgent food question was tied up with the whole problem of the bankrupt economic life of Europe. The Germans could not go on indefinitely paying for food out of their liquid assets—eating up their very capital—even if the French would permit it. On April 23 the Americans in the Supreme Economic Council baldly and sensibly asserted that they "had held from the very beginning that the only basis of food supplies should be the exchange of products."

Here was bed-rock economic good sense. But how could Germany pay for food with other products while she was strangled with the blockade?—when she was allowed no raw materials for going forward with her industrial life?

But the French, instantly any suggestion was made that the blockade be relaxed, were in hot opposition. The French were indeed willing that Germany should export raw materials such as coal, which would favour the industries of other countries and starve her own; but they were ready to fight to the last any propositions looking to the reëstablishment of Germany's economic and commercial power.

But at the same time, paradoxically, the French were demanding huge reparations; and when the discussions turned into that channel it was but a step to the related question of the whole disastrous financial state of Europe, its threatened bankruptcy, its huge debts, chiefly to America.

It immediately developed that all three great nations, America, Great Britain, and France, had policies of reconstruction based upon varying degrees of coöperation.

The French policy had long been clear. They never considered the "restarting of Europe" as a general problem in which all were to share, but only as entailing a strong economic alliance of the allied nations, including, above all, America, but excluding Germany. They were thus in favour of the Supreme Economic Council as an organ of coöperation among the Allies, but it was to be used (just as was the League of Nations in the political field) for building up and supporting France as against Germany.

The American policy was opposed at almost all points to that of the French. The Americans were also strongly for the Supreme Economic Council, but for the strictly temporary purpose of feeding Germany and other starving nations, preventing revolutionary disorders, and getting all the nations of Europe quickly upon their economic legs so that they could begin to work again.

America thus wished to do away with all restrictions such as the blockade, leave Germany enough property to start business, and get her as soon as possible into the League of Nations.

But the conflict of opinion was not confined to the Americans and French. The British had ideas different from those of both and were as far in advance of the Americans in their views regarding permanent international economic coöperation as the Americans were in advance of the French. While the Americans believed that trade and industry would come back to normal if wartime restrictions were removed and violent displacements of capital were refrained from, the British held that a far more positive policy was called for. They agreed with the French against the Americans that continued active economic coöperation was necessary; they agreed with the Americans against the French that Germany was an essential element in the economic life of Europe and must contribute and receive her share in the process of reconstruction.

While the Supreme Economic Council grappled valiantly with the blockade problem it could reach no decision in advance of the settlement of the greater problems of finance which were now opening out in the Council of Four. The Supreme Economic Council had seen this clearly and Lord Robert Cecil, its chairman, had proposed, early in April, an investigation of the whole vast problem of reconstruction with a view to formulating a definite programme.

When this plan reached the Americans, Colonel House proposed the appointment of a special committee. Cecil replied at once, naming the British members, one of whom was the Treasury delegate, Mr. J. M. Keynes. On the American side, however, Mr. Bernard M. Baruch, in

whose hands the matter was placed by Colonel House, in the beginning opposed the whole idea. He replied to the British suggestion as follows:

> The allied governments have it in their power to correct this situation by removing restrictions that are hampering trade; but all have refused to do it. The raising of these restrictions includes the removal of the black-list and the censorship, and the freedom of the use of the mails and the cables. . . . Until this is done, the economic situation will continually grow worse, and may reach a position where financial assistance may be of no avail. Unless the governments do this at once, it is useless to discuss any other phase of the problem.

Speaking for the whole American group at Paris, even his whole nation, Baruch condemned the entire principle of governmental interference in economic matters, whether applied in a positive or negative sense.

"The salvation of the world must rest upon the initiative of individuals. Individual credit can be established where governmental credit is gone. It is of a volume far beyond the capacity of government credit, where it does exist. It is smothered in the allied countries, and in all other countries, by the restrictions."[1]

That this position was somewhat extreme was admitted by Baruch himself within a month. In a letter to the President, on May 7,[2] he put forward a plan of his own for American aid in reconstruction involving a large degree of governmental activity in consultation, if not complete coöperation, with other governments. This, however, was only after matters had been brought to a head by the proposal and rejection of Keynes's scheme.

The letter to Cecil was pretty clearly a rebuff to the

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[1]For full text of this letter, April 12, 1919, see Volume III, Document 47.

[2]For text of this letter see Volume III, Document 50.

natural proposal that a scheme should be worked out by the chief powers in common. Cecil answered mildly:

> You think that without question the economic situation can be solved by individual initiative. It may be so, though my own opinion is to the contrary. . . . It may be that the result of the enquiry will show that without American assistance on a large scale, nothing can be done, and it may also be that America will decline to give that assistance. If she intends to take that attitude, forgive me for saying that she ought to take it quite openly and before the face of the world.[1]

Although a concerted enquiry into common measures was thus blocked by the Americans, one of the British nominees on the proposed committee went ahead and drew up the detailed scheme of financial coöperation known as the Keynes plan. It was forwarded to Wilson on April 23 with a long covering letter signed by Lloyd George explaining the necessity for such proposals.[2]

The immediate measures for the relief of distress with which the Supreme Economic Council was largely occupied, were, it alleged, "inadequate, as Mr. Hoover is the first to recognize, to the solution of the whole economic problem." Not only were they of merely temporary character, but "for raw materials there is no provision at all, which, in view of existing unemployment, are not less necessary if order is to be preserved." Moreover, the letter continued, Germany was not the only country needing help: some of the other enemy countries and the smaller allied states were still worse off, while even France and Italy were hardly able to keep on their feet. The hope "that with the early removal of obstacles in the

[1]For full text of correspondence between Lord Robert Cecil, Colonel House, and Mr. Baruch, see Volume III, Document 47.

[2]See Volume III, Document 48, for full text of Keynes plan and Lloyd George's letter.

form of the blockade and similar measures to free international intercourse, private enterprise may be safely entrusted with the task of finding the solution" was treated as premature. The main ground of objection was that "in the financial sphere, the problem of restoring Europe is almost certainly too great for private enterprise alone and every delay puts this solution further out of court." Some action by governments was called for; and the scheme proposed was described as "an attempt to recreate the credit system of Europe and by some form of world-wide coöperation to enable the countries whose individual credit is temporarily destroyed to trade on their prospects of Reparation from the Enemy States or to capitalize their future prospects of production."[1]

For many reasons, the American experts found this plan unacceptable—not the least of which was the feature (the use of reparation bonds to repay war loans) by which, according to Lloyd George's letter, "the acute problem of the liquidation of inter-ally indebtedness, while not disposed of, is sensibly ameliorated." For they at once saw clearly that all the reparation bonds provided for must inevitably drift round to the United States, whether in settlement of past debts or as the basis of further credits. We would be left "holding the bag," with nothing much in it save Germany's promises to pay—guaranteed, to be sure, but guaranteed to the extent of 20 per cent. by ourselves; while the other endorsements would be of no more value than the bonds of the guarantors themselves, which we had previously held! To expect us, who sought nothing from Germany, to become the collectors of reparations, and, on top of that, to guarantee debts due to ourselves, did seem a bit extreme on the face of it—although, as a matter of fact, the later proposals (1922)

[1]The scheme itself has been briefly sketched in Chapter XXXVII.

for a loan to Germany were practically the same in effect.

When Lloyd George raised the question of this scheme in the Council of Four, on that same day, Wilson made no direct reference to it. While agreeing in general that the maintenance of order required that all countries be empowered again to "start their industrial life," his only conclusion was "he thought that the blockade ought to be raised." This was the characteristic negative American position. Lloyd George's comment that "there was the same paralysis in countries that had no blockade" shows how clearly the British saw the whole situation. Clemenceau's observation that he "thought it would be a great mistake to raise it" shows the inability of the French to see at all beyond their noses. That they should have any sympathy at all with a project of general reconstruction is inconceivable; but they were not really called upon to pass judgment on the Keynes plan: the Americans killed it first.

They did so in a letter of May 5 from Wilson to Lloyd George.[1] The sharpest point made by this document was that the proper way to keep Germany's ordinary credit sound was not to deprive her of all working capital by the reparation terms. The letter also stated our Government's belief that future credits should be confined mainly to "the usual private channels," and that such governmental action as it might take would be "along independent lines."

Although the Keynes plan was thus effectively disposed of, Lloyd George continued to insist on the necessity of "some scheme" of finance to supplement the lifting of the blockade. The two questions came up together in a joint conference of the Four with their chief delegates on the Supreme Economic Council, on May 9.

[1]See Volume III, Document 49, for full text of this letter of President Wilson.

Lord ROBERT CECIL, speaking on behalf of the Supreme Economic Council and on the invitation of President Wilson, stated the general economic problem confronting the Associated Governments. He said that the most important part of the problem was to get Europe to work again. A great proportion of the population were out of work in most countries in Europe. It was useless merely to provide food; in fact the danger to social order was likely to become worse and not better if people were merely fed. It was essential that raw materials should be made available. . . . The problem then was how to provide credit. . . . Personally he regretted that there had not been a further relaxation of the Blockade some time ago. . . .

Lord ROBERT CECIL, continuing, said that, personally, he had no specific financial proposal to make and considered the problem was one to which the experts should devote themselves at once.

On President Wilson's motion, it was resolved that: a Committee composed of two economic advisers from each of the Principal Allied and Associated Powers be requested to submit a systematic suggestion with regard to the means of assisting the nations which are in immediate need of both food, raw material, and credit.

It was also resolved—at last something definite!—that the blockade should be lifted entirely as soon as peace was signed. This was little enough to grant, especially as the relief programme was already going on the rocks. Cecil stated that the scheme of finance was inadequate and that "the attempts to help the situation by allowing exports had broken down." Of course it would, and speedily, as the Americans had argued, if there was no manufacturing activity to keep up a flow of goods for export. And, in turn, imported raw materials were required for that activity. At length in the teeth of French obstructionism a resolution was approved by the Supreme Economic Council, on May 12, to the effect that "Germany should be permitted to import specified quantities of certain articles urgently required for the coal mining and

other essential industries, and which can be supplied from German stocks in neutral countries bought and paid for prior to 7th May."[1]

It was really no use going further than this grudging concession without providing means of financing subsequent purchases; the food account was already short.

The Americans, thus brought face to face with the question of measures of permanent reconstruction, endeavoured to put into shape their ideas of a scheme to take the place of the rejected Keynes plan. Wilson asked Davis and Lamont to draw up a report of recommendations acceptable to the United States, which they did, submitting it under date of the 15th.[2] This report admitted, in similar terms to those of Lloyd George's letter of April 23, that the situation of Europe called for more far-reaching remedies than those of mere relief. But the only remedy offered was to be that of more credits from the United States on top of existing debts. Those owing to us from the Allies would be refunded. As for Germany's reparation debt to them, nothing was said, except that the manner of payment ought to be so adjusted as not to deprive Germany at once of all the liquid assets which were her only basis of credit. While maintaining the old standpoint that "credits to Europe should, so far as possible, be extended through the normal channels of private enterprise," the report allowed also for some governmental action—credits from the American government to other governments for reconstructive purposes, or to private purchasers of necessary materials, under guarantee of their governments.

This report was in some respects superior to the Keynes plan; in others it fell short. It was more businesslike in

[1]See Minute 152, Supreme Economic Council.

[2]See Volume III, Document 51, for full text.

the immediate sense and made a very practical suggestion in regard to the reparation settlement; but it dodged one fundamental question, the dragging burden of war debts, for which it offered only a proposition of delay.

The ideas expressed in the American document of May 15 strongly influenced, as might have been expected, the joint report of the committee of experts set up by the Council of Four on May 9.[1] That report, completed on June 4, contained remarkable admissions on both the American and European sides. Thus the American representatives subscribed to a statement that, as regarded the countries of eastern Europe, at any rate, "private credit will be inadequate by itself to provide the working capital necessary to restart industry." Without admitting quite as much in the case of the Western Allies, they agreed in stating that "the financial position . . . is full of anxiety."

The European delegates, on the other hand, admitted that: "in the case of Germany, the financial situation is overshadowed by the reparation demands." They agreed that the demand for payment of twenty billion gold marks in the first two years appeared impossible of fulfilment and would "now probably have to be revised." They also (the French members included) dwelt upon the necessity of enabling Germany to obtain the raw materials necessary to reëstablish her industrial life, concluding that her situation was "the key to the whole European financial problem."

In neither case does the report get down to fundamentals. Only superficial remedies are proposed. In fact, the elements of all the schemes devised by financiers within the last couple of years are to be found in this report. The idea of a loan to Germany is there, as

[1]For text of this report see Volume III, Document 52.

well as that of the refunding of inter-allied debts. The plan for governmental guarantees against the special risks of foreign trade—so cleverly elaborated since by the Dutch banker, Ter Meulen—is present in embryo. Likewise, the Vanderlip scheme for a new currency backed by a guarantee fund. But there is no discussion of the general unsoundness of the reparation settlement, no suggestion of the writing off of any existing international obligations as a means to an all-round rehabilitation based upon thoroughgoing coöperative action.

A discussion of the committee's specific recommendations would probably have brought the Council of Four no further than the various later conferences have got in wrestling with these problems. But there was food for thought, which might have resulted in a new approach to fundamental issues, in the last paragraph of the report, which is highly significant when considered as a joint statement of American and European financial experts:

> Before concluding, the Committee considers it advisable to point out that, in spite of a well-organized currency and credit system, and of the private credits and resources available to England, France, and Italy, it will nevertheless be difficult, if not impossible, for them (within the next two or three years) to pay for all the raw materials which they may require to overcome their unfavourable trade balance to such an extent as to be able also to cover the interest on their obligations held abroad. Although it has been anticipated that funds to meet these needs would be received from Germany on account of reparation, the Committee now feels convinced that it is impossible to count on any substantial financial assistance from this source in the near future. The final solution may, therefore, require a more comprehensive plan than for the other portions of Europe, and it is most advisable that immediate consideration should be given by all concerned to meeting the situations not already provided for. The Committee also feels that until France and Italy obtain the raw materials required, and until England, France and Italy can cover their adverse trade balances and meet the foreign interest payments

due by them for the next two or three years, the improvement or stability in exchange and the confidence necessary to stimulate private enterprise may be perhaps fatally retarded.

When this remarkable report came to the attention of the Council, on June 6, they were already under fierce pressure to meet the observations of the German delegation and to get the Treaty ready for signing; they were neither in the mood, nor was there time, to consider the broader problems of reconstruction. The entire problem of the reparation settlement had been reopened by the German observations giving the Americans a chance to attack its fundamental defects. What they demanded was, firstly, the fixing of a definite and reasonable reparation total and, secondly, the retention by Germany of a certain quantity of liquid capital. They believed that, given these conditions, private enterprise would extend sufficient credits to Germany, and private investors would absorb reparation bonds to an extent sufficient to put the allied countries on their feet.[1]

But the British and French between them managed to sterilize both propositions; and the reparation settlement was left essentially unchanged. After this flouting of their best endeavours, the Americans declined to give any further consideration to measures for helping the Allies out of the financial mess into which they persisted in plunging themselves. The report of the inter-allied committees was simply shelved.

The American idea of leaving everything to private

[1]But the difficulty implicit in this programme of finance, by private initiative, as the Bankers' Committee of 1922 discovered, is that even though American financing remains in private hands, European financing is in the control of governments, and every decision has a political implication. With American private financial interests unable to commit their government, or lay down any policy regarding the vast European debts to America, which are the crux of the situation, negotiations soon reach a hopeless impasse.

initiative might have been practical, given a sound reparation settlement. The Allies might possibly have been won over to abate their unreasonable demands on this score by an offer to abate the claims of the United States against them, but this abatement the Americans could not and would not promise. There was no escape in either direction. The reparation terms remained on an unsound foundation; and Europe was left without any comprehensive scheme for financing her reconstruction.

The financing of relief continued on the anomalous basis of direct payment out of Germany's liquid assets—at the expense of the reparation account and yet without any relation to a broad scheme of reconstruction. These deductions in 1919 and 1920 swallowed up nearly a billion dollars cash—about one third of Germany's total payments and deliveries toward the reparation account previous to May 1, 1921—a vast drain, hampering to the reconstruction of Europe.

Although the Supreme Economic Council did not succeed in getting its work on a sound financial basis, that work continued, nevertheless, to be of incalculable importance for Europe's recovery from the effects of the war. The depleted resources of a nearly ruined civilization were managed with an efficiency and economy that gave the world at least a breathing space of a few months to recover its economic equilibrium. Europe was saved from going to smash under the very feet of the Peace Conference.

Did the need for such centralized direction of the economic machine entirely disappear with the signature of peace? Most Europeans were quite positive that it did not. The Italians took the broadest view of the Council's destiny; for Italy's extremely dependent economic position gave her the greatest interest in coöperation as regards access to raw materials, food, and markets. The

British were doubtless less interested in permanent regulation of trade, but they certainly wished it to be nursed back to normal, a process still far from completion. The French regarded the Supreme Economic Council as a means of carrying out, in a measure, their cherished plan of an economic solidarity among the allied and associated Powers in the interest of favouring the devastated regions and, in general, of building up their own strength as against that of Germany.

The Americans, however, could be won over to none of these points of view. Cool as they were in their attitude toward proposals of financial reconstruction, unwilling as they showed themselves to enter into any general self-denying agreements in regard to economic policy, averse as they proved to investing the League of Nations with any definite economic functions, it was to be expected that they would regard with small favour any proposals for prolonging the Supreme Economic Council. The impulse to get the government out of business, and especially out of business relations with other governments, which had shown itself after the Armistice and had been repressed in January, reasserted its power. When the question of the Council's future came up for discussion on June 10, "the American Delegates pointed out that the Supreme Economic Council had been created to deal with matters arising during the Armistice, and transitory measures; and that most of these problems, such as those dealing with blockade, relief, and foodstuffs until the next harvest, had already been solved." All the prolongation of their own functions they could consider was the winding up of uncompleted business of the United States Food Administration. The question of any further measures was put up to the Heads of States.

President Wilson was, of course, unable to take any

different attitude from that of his advisers, although he could not deny the need for continued economic coöperation. The best he could do was join in the resolution of June 28:

> That in some form international consultation in economic matters should be continued until the Council of the League of Nations has had an opportunity of considering the present acute position of the economic situation, and that the Supreme Economic Council should be requested to suggest for the consideration of the several Governments the methods of consultation which would be most serviceable for these purposes.

The plans drawn up by the Supreme Economic Council for the continuance of its works were, however, brought to nothing by events in the United States. The Americans went on with their original plan of winding up their affairs, and dropped out after August 1, leaving what was left of the Council to limp on, a shadow of its former self. It still exists in much reduced and altered form, as an adjunct of the Supreme Council, and in close touch with the economic organs of the League of Nations.[1]

[1]See "A History of the Peace Conference at Paris," edited by H. W. V. Temperley, Vol. I, pp. 296–333, for later phases.

CHAPTER XLII

The Reparation Settlements: How Much Should Germany Be Forced to Pay?

WHEN the Great War closed and the world looked out over the smoking ruins left by the invading armies, the question above all other questions that arose was this:

How shall these vast losses, this ruthless destruction, be repaired?

No one problem, indeed, bulked larger in the Peace Conference than that of Reparation of Damages, none received so much complicated attention in the Treaty, none has presented such mountainous difficulties since.

Three aspects of this supreme problem presented themselves at the Peace Conference:

1. How much should Germany be forced to pay?

2. How should this be divided among the allied powers, great and small, when the losses and services of each had been so widely different?

3. In what manner was Germany to pay it so as not to bring the entire economic organization of the world to ruin?

The first of these subjects, the problem of the total demand upon Germany, will be treated in this chapter; the other two subjects, in the following chapter.

Much thinking had been done upon the problem of how much Germany should be required to pay before the war closed. Two points of view had developed. One was that she should be required to pay an "indemnity" for

the entire costs of the war, the other was that she should be required to repair only material damages caused by the war. In the beginning the European allies, particularly France, stood for the first view; America, for the second.

President Wilson had early seen the danger of a peace settlement which should be so extreme and revengeful, no matter how serious the offences of the enemy, that it would inevitably lead to future wars and endanger the whole project of international coöperation which was the keystone of the American programme. Thus he told Congress, December 4, 1917:

> The wrongs, the very deep wrongs, committed in this war will have to be righted. That, of course. But they cannot and must not be righted by the commission of similar wrongs against Germany and her allies.

Out of this grew his fundamental principle of the settlements set forth again and again, and well expressed, in the address to Congress, February 11, 1918:

> There shall be no annexations, no contributions, no punitive damages.

The allied leaders accepted this idea and it was embodied in the crucially important note to Germany, November 5, 1918:

> . . . invaded territories must be restored as well as evacuated and freed. The allied governments feel that no doubt ought to be allowed to exist as to what this provision implies. By it they understand that compensation will be made by Germany for all damage done to the civilian population of the Allies and their property by the aggression of Germany by land, by sea, and from the air.

But immediately the Armistice was signed, there followed the momentous "slump in idealism." Demands

that Germany "pay the last shilling" swept both England and France. Indemnities were also to be punishments. Lloyd George won his election of December 14, 1918, on the programme for exacting enormous and impossible indemnities; and it soon appeared that the French expected to recover from Germany the entire cost of the war—not mere reparation of damage as had been promised in the Armistice. In short, the Allies prepared, in the economic as in the political field, to negative the whole spirit and intent of President Wilson.

On the very first occasion that the subject arose in the Peace Conference (January 22, Council of Ten) when Lloyd George spoke of "reparation and indemnity" Wilson instantly countered with a remark significant of the coming struggle:

> President Wilson suggested it might be well to omit the word "indemnity."

The Allies apparently accepted the President's point and the next day adopted the following resolution constituting a commission to study the whole matter of reparations:

> That a commission be appointed with not more than three representatives apiece from each of the five Great Powers, and not more than two representatives apiece from Belgium, Greece, Poland, Roumania, and Serbia, to examine and report first on the amount for reparation which the enemy countries ought to pay, secondly on what they are capable of paying, (and) thirdly on the method, form and time in which payment should be made.

But neither Lloyd George nor Clemenceau, of course, really accepted the President's view. Lloyd George packed the Commission with his reactionaries—Hughes, Sumner, Cunliffe—who joined the French in support of

crushing indemnities. They demanded that the Germans pay the entire costs of the war. The American members—Davis, Baruch, McCormick—took sharp issue with them and a controversy developed which came to a head in February, just after President Wilson sailed home to America.

Here was a direct clash upon a vital principle. What was to be done?

The Americans sent a long wireless message to the President on the *George Washington*[1] setting forth impartially the entire situation. The President responded immediately, directing the American delegation to stand its ground—if necessary, dissenting publicly from a course which was, as he said, "clearly inconsistent with what we deliberately led the enemy to expect and cannot now honourably alter simply because we have the power."

This was one of the epoch-making decisions of the Conference. It left no doubt about where the Americans stood and fortified them in their fight for what they believed to be the true principle. But the French still argued and objected. If they had to give up total "war costs," could not their real objective, the crushing of Germany economically, be equally well attained by some new interpretation of the word "reparation"—as Klotz suggested March 1?

At this time, be it remembered, Wilson and Lloyd George were away and Clemenceau was abed with an assassin's bullet in his shoulder; those who remained felt the tangled issues too great for them to solve, and Colonel House suggested that "the question should be adjourned until President Wilson's return." It is most significant, however, in this discussion that the British (Mr. Balfour)

[1]See "The Making of the Reparation and Economic Sections of the Treaty," by Bernard M. Baruch, p. 25.

and the Americans (Colonel House) both spoke of a "lump sum" to be paid by Germany—as though the project of a "lump sum" were really settled, when as a matter of fact it became one of the great storm centres of the Conference. The Americans always fought for a "lump sum," clearly stated.

Two questions arose immediately as to the amount of reparation to be demanded of Germany, the first as to what Germany *should* pay, the second as to what she *could* pay. These were very different questions, as many a creditor has discovered in considering a case of bankruptcy.

When the sub-committee on Capacity to Pay (of the Commission on Reparations) tackled this hard problem on February 21, the French and the British members evidently thought the best way was to put the debtor, who was at the same time a powerful economic competitor, entirely out of business—wipe him out; the Americans were for scaling down the debt, letting him live and "work it out." As Lamont well expressed it in his Philadelphia address, the Americans argued that France, the great creditor, "would benefit most by taking everything that she possibly could, by taking it quickly, and writing off the balance." This was not only practical business sense in regard to the distressed debtor, Germany, but the contrary policy of ruining Germany might bring down the entire economic structure of the world.

The demands at first put in by the French (Loucheur) were fantastic: they accepted Lloyd George's stump-speech figures of 120 billion dollars, and even suggested that it ought to be 200 billion. They proposed to collect five billions at once and the remainder in sums of six or seven billions a year for fifty years!

By the side of this the extreme American suggestion—

Mr. Lamont's—of a billion and a half a year for thirty-five years (a capital sum of nearly fifty-eight billions) seemed picayunish but it was far more than the Americans would later agree to demand. This discussion simmered along until the President's return to Paris in the middle of March.

It was now brought up informally before the Four who were beginning the struggles of the Dark Period, but the tangle over the total sum and the inclusion of pensions was too complicated to be decided off-hand. The Commission on Reparations, like the Council of Ten, was too big—it had twenty-nine members—too unwieldy, and when the problems of distribution of reparations among the nations came up, an embarrassing company! Consequently, the three Heads of States, who were now meeting alone and privately, constituted a kind of "Big Three" to consider these difficult economic questions: a special committee composed of Norman H. Davis for the United States, Louis Loucheur for France, and the Rt. Hon. E. S. Montagu for the British Empire.

The appointment of the British delegate, Mr. Montagu, was either a tactical error on Lloyd George's part or else one of his sudden reversals of policy, for Montagu was an open-minded moderate, quite different from the men Lloyd George had originally placed upon the Commission. He did not last long, being replaced by Lord Sumner. With M. Loucheur, who was the most liberal among all the French advisers, the committee began work with a reasonable hope of arriving at broad-minded decisions. If M. Loucheur could have determined the French economic policies at Paris the world to-day would be in better plight than it is.

Nevertheless, the committee was limited, at the start, by the position of the United States Government. While on the one hand President Wilson had declared himself im-

movably against the inclusion of war costs in the claims against Germany, on the other, the United States Treasury had flatly refused to consider any readjustment of the European debts to us. While the Americans always insisted that these debts had nothing to do with reparations or rehabilitation, the Europeans were equally sure that the connection was vital. On March 1, the same day on which the Commission on Reparations referred the question of war costs to the Council of Ten, the financial drafting committee (M. Klotz was a member of both) presented a report in which the first subject set down for reference to a financial commission was this:

> Inter-allied agreements as to the consolidation, reapportionment, re-assumption of War Debts.

The United States Treasury pounced upon the challenge it felt to lie in the very mention of this subject. In notes of March 8 to the French and Italian Commissioners at Washington it declared that "the Treasury . . . will not assent to any discussion at the Peace Conference, or elsewhere, of any plan or arrangement for the release, consolidation, or reapportionment of the obligations of foreign governments held by the United States."[1]

While this decision undoubtedly represented American opinion and any other would have raised a cyclone in Congress, already eager to hamper the President, yet, when looked at from the broad viewpoint of the future economic welfare of the world, it removed one of the greatest of all possible arguments, or trading advantages, possessed by the Americans in their effort to keep down the sum to be demanded of Germany. Both Lloyd George and Clemenceau feared to accept the low estimate of

[1] See Senate Document 86, pp. 270, 345.

amount of reparations made by the Americans because it was so far below the expectations of their people.

The Americans pleaded especially with Lloyd George to take a bold stand on a basis of common sense and have it out with his people at once—offering odds, so to speak, on his success.[1] But they could not provide him or Clemenceau with the collateral offer or argument which would have had enormous influence upon European opinion, that America would consider the remission of part or all of her debts as part of a general coöperative plan for restoring Europe.

A mere "straight-out cancellation" of the debts by the United States at that time or since without exacting any condition would, of course, have been folly—just as total military disarmament by any nation without a general understanding would be folly—but the willingness of America to abate part or all of the debts as the essential American contribution toward a new coöperative plan for restoring Europe and the world would have given the Americans a powerful trading weapon in securing the settlements they desired.

But of course, the American delegation could make no such commitments—even if it had desired to do so—without instant repudiation by its own constituency—so there they were! These are facts that should not be hushed up if we are ever to see things straight. If America wants a peaceful and stable world to live in politically she must sacrifice something for it, as President Wilson so clearly understood. She cannot have a league of nations and preserve at the same time all the implications of her former isolation. She must assume some such obligations for world guarantees as those

[1]See excellent account by Thomas W. Lamont, "What Really Happened at Paris," edited by House and Seymour, p. 267.

expressed in Article 10. Similarly, if the world is to be stabilized economically—and chaos prevented—America must contribute her share to that end. There is no other way!

The special Committee of Three attacked the whole problem of the demand on Germany with great vigour and with real desire for a straighforward solution based upon the facts of the case. Even Loucheur was convinced for the moment by Davis of the advisability of facing realities and being honest at least with the Heads of States. About March 20 this committee presented to the Council of Three a memorandum drawn up by Davis in presence of the others, which is an invaluable document as a statement of sober opinion of responsible men at the moment of crisis. It is a pity that this has never yet been published in full. After a brief but clear survey of Germany's economic status, the Three concluded:

> On a liberal basis, we estimate that Germany might possibly pay from 10 to 20 billion dollars over a period of 20 to 30 years.

Estimates of three to four billion dollar annuities they characterized as "utterly impossible." The three economists, however, also stated that, "as nearly as we can judge from the present estimates," the bill for damages would run to about thirty billions and that "moral opinion" demanded that this amount be asked. Now there was a considerable gap between this figure and that which they had set as Germany's capacity to pay; they bridged this gap ingeniously. They recommended that Germany be called upon to pay thirty billions, but stipulated that half the amount should be payable in German currency at the rate of exchange of the time of payment. Thus it was calculated that Germany need pay only fifteen billions in actual export of gold or goods, and time was to be given

her even for the payment of that, thus further reducing her obligation. The other fifteen billion would be reinvested as rapidly as received in German industries, to be gradually withdrawn "in the next 30 to 60 years."[1]

In a special memorandum for Lloyd George,[2] Davis argued that even this was a little high and the discussion centred on a sum of twenty-five billions, which was always the basic American figure. Lloyd George admitted that this was all that could reasonably be expected, but objected that public opinion would not accept it. He quailed before the unmitigated confession of failure to keep his promises of 100 or 120 billions made in the December elections. But instead of reversing his decision outright, he set about characteristically to play off his own conflicting groups of opinion against each other. Montagu had taken the moderate side; the extremists were now called into the discussion. The committee was enlarged by Sumner and Cunliffe who were determined reactionaries. Lloyd George could now stand aside, washing his hands, and declare that he was quite prepared to come down to the American figure if only these two could be convinced.

The committee then sought another way out through the definition of a flexible sum, adjustable as to amount and means of payment within certain maximum and minimum limits. In order to provide for this adjustment and for the admission of their scheme of part payment in German currency to be reinvested in German industry, the Americans proposed a Reparation Commission with rather large powers. This idea was soon seized upon by the French and twisted to serve quite another purpose. The Americans had thought of the Commission as working with a clearly limited sum always in mind, thus letting

[1]See Volume III, Document 54, for full text of this report.

[2]See Volume III, Document 55, for full text of this memorandum.

the world know what Germany would at most have to pay. This was their fundamental contention.

But if the Commission could work within limits, as the Americans proposed, why, asked the French, could it not also work without them? If the whole matter were left to it, the treaty makers could dodge the embarrassing necessity of mentioning figures at all!

As Klotz put this clever scheme before the Four, in the critical session of March 28, at the very height of the Dark Period and only a few days before the President fell ill, the Commission was to serve merely as an adding machine, so far as the total sum was concerned—registering the final claims for damages as they came in. "Then according to the amount of the debt thus ascertained," he concluded, "it will settle the figure of the annuities and the length of payment."[1] The only consideration given Germany's capacity to make payments would be in the form of lengthening the period given her to complete them—which, by the accumulation of interest on the unpaid portion, might be extended to infinity. It practically amounted to a perpetual economic control of Germany by an allied commission.

President Wilson and his advisers fought this proposition bitterly. But the arguments in its favour were too attractive to all the European politicians to be overcome by any amount of reason. Lloyd George rallied to it instantaneously. Although the President did not give up the fight for a lump or limited sum at once, he could not refuse to allow the experts to try their hand at working out an acceptable scheme on the new basis. His position was that the period of delay before statement of the total sum should be made as brief as possible and that the sum must be such as Germany could reasonably be expected to

[1]See Tardieu, "The Truth about the Treaty," p. 296.

discharge in full within a generation. In short, that it must be based upon "capacity to pay."

The Conference was now at its crisis. Some decision had to be reached, some basis of compromise, else the delegates might as well go home. On the next day (March 29) Lloyd George submitted a vague plan which led to long and heated discussion. It took for granted the wholly unsettled question that pensions should be included among Germany's liabilities. No American at this time would accept this proposal at all. Lloyd George's draft simply stated that the Germans should be required to pay the amount of damages and pensions, "at whatever cost to themselves," and left the Commission a free rein to fix the amount and the time over which it should be paid. This was promptly accepted by the French; but the Americans demanded that the payments required were to cover "a series of years not to exceed thirty, and in general to be based upon the reasonable capacity of the enemy states to pay," and this the British experts tentatively accepted, though it certainly did not express Lloyd George's idea. In face of vehement criticism by the French of even this qualification the Americans insisted on April 2 upon a still further change—from Lloyd George's "at whatever cost to themselves" to "to the extent of their utmost capacity." To this the British also finally agreed, but the French declared obstinately that they could not accept it.

Here was a complete impasse between the Americans and the British on the one hand and the French on the other, with the result that the whole matter was put up to the hard-driven Council of Four on April 5. It is a great misfortune that such a vital question as the basis of reparation payment should have been threshed out while the President was lying ill in his bed. For this economic

question transcended in importance many of the political questions upon which the Conference was so near being shipwrecked.

The Americans approached this meeting with some hope, but it was soon dashed by another reaction of the British who threw over the tentative agreement with the Americans of April 2. Lloyd George had gone over again to the reactionaries and was sponsoring a new scheme by Lord Sumner which practically supported the French rather than the American proposals—leaving the American advisers again isolated. Unfortunately, Colonel House, who was sitting in the Four during the President's illness and who was now eager for a settlement on almost any terms, saw nothing of the violation in this to the bedrock principles laid down by the President and his advisers. He expressed his willingness to forego even the statement of any time limit for the payment of reparations, and when the jubilant French accepted the form of the British proposal of Lord Sumner, Colonel House observed:

"It seems to me that M. Clemenceau's conclusion is very close to the American proposal."

As a matter of fact, the difference between the American and the French was fundamental, and Davis contradicted him at once by the statement:

"This is a complete departure from the principles upon which we have been working for three months."

The experts continued the struggles as best they could, but were unable to turn the tide of conciliation at all costs, that was now setting in. From this point onward the Americans were crowded off the firm, practical, sensible ground upon which they had stood in the beginning.

In the recasting of the draft clauses following this meeting, the vital words, "to the extent of their utmost

capacity," were omitted from the requirement that the Germans admit their liability to pay the full total of damages set forth. Provision was also made for extending the period of payments beyond thirty years, if the amount was not cleared off within that time. The American experts objected, but Clemenceau threatened: "In no case will I agree to allow either the Treaty or the Commission to fix an amount below what is due us." House approved the new draft in the session of April 7.

When the President got up from his sick bed and reentered the Council next day he found a complete settlement on this point awaiting him and no chance to resume the fight except over questions of detail, which were not cleared up until the 12th.[1]

The great argument of the American experts in support of the final compromise arrangement is that, as they visualized the Reparation Commission, it could still be made to work out all right. It was not what they wanted, but peace had somehow to be made, and given American representation a moderating influence would be established as a check upon all extremist interpretations of the Treaty, which, under the unanimity rule, would have proved decisive. Of course the weakness here is the weakness of any rule of unanimity, but it cannot be doubted that if the United States Senate had ratified the Treaty and American representatives had taken their places on this vital Reparation Commission they would have steadily and powerfully argued as they did at Paris economic good sense, reconstructive measures, and lent their support to awakening British reasonableness upon these subjects. We should, of course, have been hampered, as before, by the American position regarding the debts, but we should have been coöperators in a practical way with

[1]From the writer's diary, April 12.

Europe in meeting common problems, and American public opinion would no doubt have been gradually aroused to the necessity of solving new problems with new sacrifices. But the Senate, by rejecting the Treaty, closed this hopeful door.

One other most important element in the Reparation settlement must here be discussed: that of pensions. This is not a small matter, as some critics have asserted. The bill of May 21, 1921, amounted to from twenty to twenty-three billions for pensions and allowances out of the total reparation sum of thirty-three billions—about two thirds of the whole. It was, then, a matter of vital importance.

The idea of making a special issue of this matter seems to have been seized upon by the British at the time the war cost principle was being forced out of court through Wilson's determined policy. The Dominion premiers, and especially Hughes, had been strong for using the total costs of the war as a basis of calculation, not only as being more vengefully just, but as giving the Dominions a share of receipts—from which they would be excluded entirely by the adoption of a material basis of damage. Hughes had argued both for this and for the annexation of colonies by the Dominions, and saw himself being done out of both. His bitter public speeches in March forced the British Government to seek means of conciliation on both issues. In the matter of reparation, its own interests were at stake, not only as concerned its standing with Parliament and the electors, but as concerned the right of Great Britain herself to participate in the distribution of receipts. In her case, actual damage was relatively small. There was every motive to seek for another basis of reparation than that warranted by a narrow interpretation of the pledge of November, 1918, and the Wilson policy. The solution of the difficulty was found in the

inclusion of pensions as a category of damage. The distribution would thus be placed on a dual basis of material damage and sacrifice of lives.

The whole proposition was really disadvantageous to the French; for the dual basis meant a smaller proportion of receipts for them than the single basis of damage.[1] But the British had astutely placed them in a most embarrassing situation, for how could they openly, before their own people who would individually profit by the pensions, fight the principle? Moreover, forced by Wilson to abandon the war costs, they could still use the pension plan in order to keep the total sum as high as possible, and thus do as much harm as possible to Germany, even though their percentage of reparation was smaller.

The Americans put up a fight on the whole proposal on the question of principle, but not so stubbornly as over the total war costs. The issue was not so clear; and when the ordinarily liberal-minded Smuts made himself spokesman for the Dominions in this struggle, his influence and his arguments convinced the President.[2] The lawyers, headed by Dulles who had done yeoman service in the defeat of the war costs, objected that Smuts's logic was false and that the demand was unjustifiable under the terms of the pre-Armistice pledge. The President's reply deciding in favour of pensions is given by Lamont.[3]

The concession met with the approval of the economic experts, who argued that to include these items in the categories of damage would not increase the amount which Germany would eventually pay, but would only change the basis for dividing what she did pay.

[1]See Baruch, "The Making of the Reparation and Economic Sections of the Treaty," pp. 27–28.

[2]For copy of Smuts's memorandum see Baruch: "The Making of the Reparation and Economic Sections of the Treaty," p. 29.

[3]See "What Really Happened at Paris," edited by House and Seymour, p. 272.

This was also undoubtedly the basis of President Wilson's acceptance of the idea: that since Germany could pay only so much, it did not matter how the amount was divided. If the total amount had been fixed in the Treaty, as the Americans demanded and expected that it would be according to German capacity to pay, this solution would have worked out practically.

But in the end the amount Germany was to pay was *not* fixed according to her capacity, a lump sum was not fixed at all, so that this claim for pensions opened the way to enormous increases in the claims made on Germany. The basis became one of *claims* rather than of *capacity*.

CHAPTER XLIII

The Reparation Settlements: How Should the Payments from Germany Be Divided among the Allied Powers?—In What Form Was the Debt to Be Paid?—German Reparations and the Economic Future of the World

NO ONE, at the beginning of the Peace Conference, could have visualized the immense difficulties that were to hedge about the problem of Reparations on every side. It seemed comparatively simple to demand that Germany repair the damage caused by the war, but we have seen, in the last chapter, how impossible it was to fix upon the amount Germany should be required to pay.

If this primary problem proved insoluble, the other two great issues connected with Reparations were scarcely less difficult. Here was an immense sum—the very vagueness of which made it seem more stupendous—to be recovered from the enemy. How was it to be divided among the various allies? Great as was the sum demanded it would not begin to satisfy the great Powers; and yet here were smaller allied states, each holding up its bowl and piping shrilly to be served. Who should be paid first, and who should wait? And, finally, in what form was this great debt to be paid without endangering the entire economic and financial structure of the world?

The smaller powers at Paris were always hard to satisfy, and in no realm harder than in that of Reparation.

Belgium, for example, had ideas of what she should receive that varied widely, to say the least, from what France and Great Britain thought she should receive. The great Allies were also acutely aware of the difference it would make to them if the Italians, Serbs, and Rumanians, who had been at war chiefly with Austria-Hungary, could be required to look only to the old empire of the Hapsburgs for their reparations and excluded from any part of the German payments. But this did not satisfy these other states in the least; they had fought and suffered great losses in the war, and knew well that the bankrupt and ruined Austro-Hungarian Empire could pay nothing of any account. Never was there such diplomatic jockeying, such keen efforts at combinations, such intrigue, as over these tangled questions.

The French were, frankly, for excluding or limiting the extent to which these claims of Italy and the eastern Allies could be made good against Germany. Here the presence of Italy's able representative, Crespi, on the special committee of the Conference, counted heavily. With invincible logic and ingenious precision of detail he argued for the principle of "joint and several liability" —that the war was a common enterprise on both sides, that each enemy state shared equally in responsibility for the damage done by all, and that whatever each could pay was equally applicable to reparation anywhere.

The American advisers, who, beyond any other, could take a detached and disinterested view, saw the reasonableness of Crespi's position and favoured his contention.[1]

It came up for hot discussion during the Dark Period and was provisionally decided in favour of the Italians on April 23, partly no doubt to keep the Italians from break-

[1]See Baruch, "The Making of the Reparation and Economic Sections of the Treaty," pp. 35, 36.

ing away entirely from the Peace Conference upon the issue of Fiume, which was then at its very climax. Under this arrangement Italy was to share jointly with other allies in damage payments for "all operations of war by the two groups of belligerents wherever arising."

But after the Italians departed from Paris (April 24) in a blaze of protest, although they frugally left behind Crespi and his staff of economic advisers, the French immediately demanded that the Council of Three reverse this decision. M. Klotz, the French Minister of Finance, put the reasons quite baldly:

> If joint liability was admitted, Italy might be in a position to claim the total of the damage inflicted upon her against Germany. If this was accepted without qualification, it would reduce what France and Great Britain could obtain for reparation.[1]

Indeed, the other allies had some reason to be apprehensive regarding the Italian claims which were in the beginning no less than nine billion dollars—nearly as much as some of the British and American experts had estimated as the total amount Germany could possibly pay. Throughout the Conference Italy injured her case by greedily demanding too much!

And now that the Italians were out of sight and hearing Klotz proposed a clever new plan that would quite effectively cut them and certain small states out of any considerable share; that is, that claims should be permitted against Germany only in proportion to the part that German forces had actually taken in operations against the claimant. Of course German troops were little employed against Italy, and therefore Italy could claim little! The French were so determined, and the feeling against the Italians for their withdrawal from the Con-

[1]Secret Minutes, Council of Four, April 30.

ference was so strong, that on May 1 a statement was signed by the three Heads of States agreeing to this proposal.

But having taken this action the problem of how the bitter pill was to be administered to the Italians—who were not only an allied state, but were capable of making much trouble—was a most difficult one. Lloyd George especially began to have a troubled conscience. He said:

> Mr. Lloyd George said he had not been feeling comfortable about the decision on the subject of joint and several responsibility which had been taken in the absence of Italy, though it was to the detriment of Italian interests. He thought undoubtedly that both France and Great Britain would make a good deal out of this decision at Italian expense: France twice as much as Great Britain; and the decision had been taken the moment the Italians left. He . . . thought the decision looked rather like sharp practice.[1]

When the decision was made known to Crespi he protested bitterly and strongly (May 6). Inasmuch as the Italians had now decided to return and be present when the Treaty was handed to the Germans (May 7) the French suddenly and rather inexplicably swung around and suggested restoring the original agreement; and Lloyd George and Wilson assented. The agreement of May 1 was discarded and the principle of "joint and several liability" was adopted as the permanent method of division.

One other delicate problem of distribution arose: who should be paid first?

All the negotiations being in the private hands of the four great Powers, the little fellows could not know what was going on. But they always suspected the very

[1]Secret Minutes, Council of Four, May 2.

worst! And of all of them Belgium was at once the shrewdest guesser and the most suspicious. The handsome king of the Belgians came flying down to Paris one afternoon and precipitated, at a moment most critical for the Four, the whole problem of the Belgian demands. The Belgians were not bashful: they had been hurt first and wanted pay first.

Just at the moment when the Italians were leaving and the Japanese question was at its worst the Belgians put down before Clemenceau six demands of the most sweeping nature. They wanted full pay for war costs, as indeed they had been promised at the Armistice, though the contrary principle had long before been established regarding other nations. But above all they wanted their pay ahead of any one else: a prior lien on half a billion dollars out of the first cash receipts from Germany and a complete settlement within ten years.

M. Hymans, the Belgian delegate, argued all this before the Four on April 29 in the most peremptory manner, even implying that his government might withdraw from the Conference. Little was said at the time of this critical subject; but coming when the Council was so near disruption over the Italian and the Japanese settlements it was most serious.

Lloyd George appealed to Hymans not to force the Conference to violate the general principle adopted in order to favour Belgium and the discussion became acrimonious. Compromise offers were rebuffed and the wrangling continued for several days.

Lloyd George was peculiarly bitter regarding the whole Belgian case. "He would not accept any specially favourable system for the Belgians." He said on May 2: "Belgium was a very near neighbour and the greatest competitor of Scotland, which had an enormous debt."

But Belgium, shrewdly judging the critical situation at Paris, was determined to be rid of her war loans, and to be paid first, partly at least out of liquid funds. Colonel House and the American advisers, particularly Mr. Davis and Mr. Lamont, worked hard to bring about a friendly settlement; American sympathy for Belgium was strong, and, indeed, Belgium was in a slightly different case from other powers, for Germany had herself recognized her obligation to indemnify Belgium for the invasion. Finally, May 2, President Wilson observed:

> In the case of Belgium we were dealing as it were with a sick person. The sum involved was not large, and it was hardly worth contesting.

The upshot was that Belgium got practically what she demanded—payment of her war costs—though by an indirect method of exacting from Germany a special issue of bonds. She was also granted her priority on a half-billion of cash receipts.

Little Serbia, seeing from afar the success of Belgium, also put in a modest demand for $400,000,000, but was promptly sat upon.

So much for the agitating problems of dividing up the reparation sum, which everyone felt must be too small to meet the claims. The Conference had one other hard problem to meet—in many ways the hardest of all: that of determining how and when these expected German payments were to be made. They could present the bill, they could divide the prospective proceeds among themselves, but the ancient problem of the creditor was still there: how and when could they get the cash?

It had been generally estimated at first that Germany could pay about five billions of dollars immediately. The American experts, as Mr. Lamont told the sub-committee on February 21, put the estimate of possible payments in

the first two years at $5,400,000,000, though it was soon evident that this sum was far too high. In the first place, how and in what form was this vast sum (though it was only a small part of the total) to be recovered?

Common sense would suggest that the ideal form of reparation would be replacement—if not of the lost or damaged article itself, at least of something as nearly like it as possible—a house for a house, a cow for a cow, a ship for a ship. Life could thus start running on again where it had left off with the least possible delay. Some treaty clauses[1] looking to such reparation were, indeed, adopted.

But this method did not wholly appeal to the French; for if the Germans were permitted to pay in kind, they would immediately build up their industries and thus speedily become again economic competitors of France.

> M. Loucheur . . . considered this mode of payment might be dangerous to the interests of certain Allies, in so far as it might favour German commercial penetration. With regard to manufactured goods, reparation in kind should only be accepted where it offered exceptional material advantages.[2]

Nevertheless, a provision for such reparation by equivalents is provided for,[3] but it is to be accepted only *at the discretion of the Allies*, which practically makes it nugatory.

Another possible form of reparation was labour: that is, that German workmen be required to reconstruct destroyed buildings and restore the land. This method made a strong appeal to many minds, for it seemed a kind of complete justice. The French and certain of their

[1]See Article 238 of the Treaty.

[2]Secret Minutes, Council of Ten, February 20.

[3]Annex IV, Reparation Chapter of Treaty.

small allies, however, endeavoured to set up a scheme of compulsory labour in which, among other features, "working gangs shall be organized on the model of military labour battalions." This extreme proposal which smacked of slavery was highly objectionable to British and American members, who wished to make the furnishing of labour optional with the enemy countries.

> President Wilson said [that] forced labour would be unprecedented unless one went back thousands of years.[1]

To this Lloyd George agreed, and finally the question was dropped.

The objections of the French and other allies to the receipt of German products did not hold in the matter of livestock and ships. It was quickly decided that the French and the Belgian peasants were to have back the cows stolen from them, if these could be identified, if not, they were to have a certain number of animals to replace them.

Ships were even more important. Opinion was unanimously in favour of stripping Germany utterly bare. Had not the Germans ruthlessly blown up ships during the war? At first it was decided to demand all vessels over 1,600 tons, but the desire and the need were so great that presently smaller craft, even fishing and river boats, were included,[2] and Germany was required to produce new tonnage for the Allies—a provision afterward most embarrassing to competing British shipbuilders.

But all discussions as to what ships the enemy powers should give up faded into insignificance alongside the controversies over who was to receive them. For it was plain that the nation which got the most ships quickly could soonest capture world trade. The greatest contest

[1]Secret Minutes, Council of Four, April 29.

[2]See Annex III, Reparations Clauses.

was over the ships which had been seized in American ports upon our declaration of war. These amounted to nearly 10 per cent. of the existing ships; and the principle involved a great many more seized by Brazil and Portugal under similar circumstances.

Two contrary doctrines at once developed.[1]

The proposal of the European Allies was that Germany should simply cede to the allied and associated powers title to all the ships in which she had not lost it by legal transfer or prize court decisions. The American proposal was that she should make the cession to the individual Powers in whose possession the ships were at the time, thus leaving to the United States all the ships seized in our harbours. In short, the Allies wished to pool these ships with all the others and redistribute them in proportion to losses during the war.

The essential objection to the American proposal was that Powers which had been neutral in the beginning of the war, and so had attracted German ships to their ports for refuge, would receive more tonnage than they had lost; while the allied Powers would receive much less than their losses. The discussion was hotly pursued by the experts, and even more violently in the Council of Four:

> President Wilson . . . said that the claim for the German ships seized in United States ports was almost the only claim put forward by the United States of America. Other powers, with their full acquiescence, were to be reimbursed for pensions. In the course of the war, the United States of America had taken over the German ships in their ports and had secured their title to them by law. The ships had been so damaged that millions of dollars had had to be spent on their repairs and new methods that had to be devised. Throughout, these ships had been used for the indispensable transport of the

[1]The two cases are developed at length in the supplementary report of the Sub-Commission on Capacity to Pay, of April 18. Also in Appendix to Minutes, Council of Four, April 23.

American armies to France. It would not be tolerable to public opinion in the United States, if their title to these ships was not recognized. This had nothing to do with the payment of owners which the United States contemplated, but only to their title. . . .

Mr. LLOYD GEORGE said . . . there was a great difference between the value of ships to Great Britain and the United States. It was like the value of ships to a fisherman compared with ships to a swell yachtsman. Great Britain lived on ships and it was a very serious matter to her.[1]

The result was a substantial victory for the American contention. While no mention of the American doctrine was made in the Treaty itself, Germany was required to cede the ships to the Allies, and early in May, a private agreement was arrived at with the added provision that each Power turn into the Reparation fund the value of all tonnage received in excess of its due proportion on the basis of war losses. Since America claimed no reparations she would pay for all the ships, but she got the ships. President Wilson cabled Tumulty, who had called attention to the criticism "in newspapers of return of German ships to Great Britain":

No one need have any concern about the return of German ships in our possession. Full understanding has been reached about them.[2]

Lloyd George bowed to this decision, but he continued to grumble, and he joined Clemenceau in defeating an American proposal in June for temporarily leaving part of Germany's ships at her disposal.

Mr. LLOYD GEORGE pointed out that the United States of America, Brazil and Portugal had all received ships considerably in excess of their losses in the war. France had lost in the war perhaps a million tons of shipping and would only receive about 40,000 tons with a pro-

[1]Minutes, Council of Four, April 23.

[2]Cablegram, May 25. See "Woodrow Wilson as I Know Him," by Joseph P. Tumulty, p. 529.

portion of the remainder. Great Britain had lost nearly 8 million tons, and would not receive more than one to one and a half million tons. . . . He was not fighting for British trade, but what he wished to insist on was that if 30 per cent. of Germany's shipping must be allowed to her, the arrangement must be made on the dead level, and every nation must contribute its share. . . . The British people, however, would not understand, if all the loss fell on France and Great Britain. He pointed out that the United States had acquired a net gain of three or four hundred thousand tons of shipping (and this was some of the best shipping that Germany had possessed) owing to the fact that this shipping had taken refuge in its ports for fear of capture by the British navy. . . .

President WILSON pointed out that this shipping was the only reparation that the United States would receive after all their efforts in the war.

Mr. LLOYD GEORGE said that for the next few years, tonnage was worth a great deal more than money. Those who were able first to establish themselves in overseas trades, would gain enormous advantages. . . . It would have been easier for him to justify to the British Parliament a claim by the United States for pensions than for these ships. He hoped that no arrangement would be concluded at the expense of France and Great Britain.[1]

When the Allies began to figure up the total value of all these possible payments in kind—livestock, ships, railway rolling stock (5,000 locomotives and 150,000 cars), motors, farm machinery, oceanic cables—they had a shock. It came nowhere near the early estimate of five billion dollars. M. Loucheur could find only about a billion dollars.[2]

A question at once arose regarding the German gold reserve which amounted to about 800 millions of dollars. At first the Allies suggested seizing it all, but this was checked, on February 21, by the Americans. Mr. Lamont said:

[1]Secret Minutes, Council of Four, June 10.

[2]Keynes's estimate is less than half of this. "See Economic Consequences of the Peace," p. 184.

Many people in America thought that to demand the gold reserve, already small, of the enemy states would have a bad effect, and might react unfavorably on the economic welfare of the Allies.[1]

This was a consideration always received with a deaf ear by the French, who had even sought to lay hands on the German gold reserve at the January renewal of the Armistice.[2]

On February 17, in the Council:

M. Loucheur observed that, in addition to the gold officially acknowledged, there was certainly a large reserve of hoarded gold in the country; and . . . suggested that the Allies should demand the total gold officially acknowledged and leave to Germany the hoarded gold as working capital. It was for Germany to take the measures necessary to force this hoarded gold into circulation.

This suggestion reveals France's obsessing desire to cripple Germany regardless of consequences. But the French were here checked chiefly by the Americans, and the final outcome was that no specific demand was made for German gold. But the extent to which it may be drawn upon for reparation payments is placed by the Treaty at the discretion of the Allies. If the Americans were on the Reparation Commission they could prevent such demands permanently.

All the liquid assets of Germany thus put together would not begin to meet the clamorous initial demand for reparations, especially as there was a constant depletion, owing to absolutely imperative payments for food and for the maintenance of the allied armies of occupation. So the Allies decided to seize all property owned by German citizens in allied countries—an immense sum—with the idea that the German Government would ultimately

[1]Minutes, February 21, Sub-Committee on Capacity to Pay, p. 26.

[2]See Minutes, Council of Ten, January 15.

reimburse these citizens. These provisions produced a vast controversy which cannot here be entered into; they were not only questioned and condemned, as was natural, by the Germans, but they were sharply criticized by certain allied leaders. It was with reference to them that Baron Makino casually remarked that "the Allied and Associated Governments had, in his opinion, gone very far in taking over German rights and much further than had ever been done heretofore," and President Wilson admitted that they "had taken certain liberties with international law."[1]

If the problem of finding enough German property—ships, cattle, railroads, rolling-stock, securities, and money—to pay the first reparations demand of five billion dollars proved difficult—the Allies could, in the end, get together only some two billions!—the problem of how to secure the vast sums beyond that, to be paid in the distant future, was still more staggering. For here arose not only the question as to how Germany should pay these sums—in money? in raw materials? in manufactured goods? in bonds?—but whether the allied countries could afford to receive them and whether the payments would not upset the entire economic balance of the world.

No more illuminating discussion than this took place at Paris, for it touched the essentials of modern international economic relationships and laid bare a whole flock of problems that the world must soon meet or suffer the consequence of not meeting.

When the real and great question as to how Germany was to pay these vast future claims arose, an Italian member of the Committee, Signor D'Amelio, put the problem on March 14 with brutal clarity:

"'Do we want marks, or do we not?' which he con-

[1]Secret Minutes, Council of Four, May 1 and 2.

sidered might be put in another form—'Are we going to buy from Germany?'"

The first and most definite suggestion made by the sub-commission empowered to study the problem was that Germany should pay in part by shipments of coal. This method had a peculiar appeal. Germany had destroyed French mines, and it was appropriate that she should pay back in kind. But there were still other and more potent considerations. By forcing Germany to ship enormous quantities of coal, she would be unable to strangle even temporarily those French industries that had suffered from the injury to French coal mines, and her own industries would be correspondingly crippled in the new and fierce economic rivalries that were certain to follow the war.

The continental allies were thus only too eager to demand compulsory deliveries to be credited against the reparation account.[1]

The French first calculated on a forced export of sixty million tons a year for 99 years, of which thirty million tons would go to France. While these figures, which were, of course, calculated to cripple Germany permanently, were greatly pared down and the period of forced deliveries cut to ten years, the requirements have actually proved excessive so far—more than the Allies could receive—and have not been met in full. But at the outside—taking Loucheur's estimate of sixty million tons a year at seven dollars a ton—this item would amount to less than half a billion dollars; there was thus still a long way to go to reach the billion-and-a-half to two billion annual instalments talked of—to say nothing of the fantastic earlier figures. The problem of making up the difference

[1]See Baruch, "The Making of the Reparation and Economic Sections of the Treaty," p. 40.

was generally dodged, but it haunted all the discussions like an uneasy ghost.

As for goods manufactured in Germany could the Allies afford to receive them? Would not such forced activity of German industry wind up by ruining their competitors in France and England? Yet there was no blinking the fact that Germany could meet only her recurring obligations for reparation by a large balance of exports. As the sub-committee's report put it with stunning clearness:

> It is plain . . . that in order . . . that Germany's annual exports may largely exceed its imports, the industrial and domestic life of Germany must adapt itself and cut down imports to the least figure commensurate with the amount of raw material which she actually requires from abroad for the conduct of her domestic and industrial life; and must turn herself into a nation of exporters, organized for the purpose of paying the reparation claims of the Associated Governments.[1]

This was a fine, frank view of the case, but what of the consequences? Two appeared at once, as the report went on to explain:

> The Sub-Committee appreciate that the development by the enemy countries of such a policy as just described may lead to the creation, especially in Germany, of an organization so highly developed and so skilled as to be calculated in the future to have considerable and perhaps unfavourable influence upon the markets of the world. It must not be overlooked that . . . diminished consumption by 70,000,000 people may seriously affect the ability of the Associated Governments to dispose of their surplus products.

The whole position had been stated still more concisely by Davis in his special memorandum for Lloyd George. As one of the considerations to be borne in mind in fixing the amount of reparation, he put "the possibility of

[1] Minutes, second Sub-Committee of Commission on Reparations, p. 128.

causing economic damage to the Allies." Under this head he wrote:

> Germany can pay only by the labour of its subjects and by becoming prosperous. The imports must be reduced, thereby depriving the Allies of markets, and exports must be increased, thereby causing severe competition with the Allies. The consequence of forcing Germany to a state of maximum efficiency and saving for a long period of years in order to make large annual payments may cause greater economic damage to the Allies than the benefits they will derive from the reparation.[1]

Davis placed final reliance on this consideration as a factor in eventually bringing the Allies to their senses. He wrote in a later memorandum:

> [The British and the French] admitted that they would no doubt within two or three years desire to have Germany's bill cut down considerably, because by that time their people would realize that Germany could only pay a very large sum by restricting imports and increasing exports to the extent that Germany would be closed to them as a market and that they would not only become dumping grounds for German exports, but their own exports to other countries would have to give way to those from Germany. The problem is not therefore so much what Germany can pay as what the Allies can afford to have her pay.

This reasoning seems irrefutable; and the conclusion has been dinned into the ears of the world unceasingly by no end of writers; but this is the third year since the war, and has the bill yet been cut down? The British public has perhaps become reconciled by now to a reduction, but the French are more intransigent than ever.

Of course, there is another difficulty behind the action of France—the old obsession of completely crushing

[1] This was March 20. See Volume III, Document 55, for full text of this excellent memorandum.

Germany. Curiously enough, the argument in favour of such a course was put most strongly by a British representative, who maintained it even after Loucheur had been reduced to reason and moderation. This "die hard" was Lord Cunliffe, advocate of the hundred-billion-dollar indemnity and chairman of the Sub-Committee on Capacity to Pay. His was the real doctrine of the "Carthaginian peace"—that Great Britain stood to profit by the destruction of her great economic rival. The logic of his proposition was that the demands should be made as heavy as possible—even if too heavy—and that fulfilment of them should be delayed as long as possible, in order to postpone indefinitely the evil day when Germany could again compete with the other powers on equal terms. In fact, the sub-commission's report of April 8 advocated sticking up the reparation demand to a high amount, "even though that should prove to be in excess of the resources of the enemy countries, rather than to run the risk of naming a sum well within their ability to pay without any extraordinary effort." Such a policy gets rid of the inconsistency in the British position in much the same manner as the "security" doctrine solves the French dilemma. And it is equally destructive all round.

While the Conference certainly did not adopt Cunliffe's point of view—which was not even that of the British delegation—the whole system has worked out largely according to his doctrine, with ingenious refinements which perhaps even he did not contemplate. On the one hand, the demands have been held up to a figure that certainly seems too high; but on the other hand, the Allies have, with equal obstinacy, refused to accept the logical consequence detrimental to themselves which actual payment would entail. They have crippled Germany's power to cut down luxury imports from their

own countries.[1] They are resisting any influx of German goods into their countries and fighting them in all the markets of the world.[2] The result is an application of the crushing policy by the highly efficient system of using two millstones. And the weight of the upper one grows as resistance of the lower one prevents Germany from paying. Will the French leave off turning before Germany is pulverized?

Except in so far as we may suppose that this crushing system was a real objective, deliberately sought and consciously attained, we must maintain that the Conference boggled the whole business of reparation nearly hopelessly. By its refusal to face the facts of capacity to pay and means of payment so clearly seen and argued by Davis and other Americans it only succeeded in building up a whole structure of unrealities; the only reality left is the grim one of the probable ruin of Germany, which the others themselves may not survive.

One project, suggesting a way out of this dilemma, was to avoid the danger of direct payments in German goods by making the Allies shareholders in German enterprises: that is, they would actually take over all or part of the ownership of certain industries.

But this, in the last analysis, although it might prove a temporary stop-gap, only defers the ultimate consequences and prolongs the process of settlement indefinitely.

In all its consideration of the reparation problem, the Peace Conference persistently dodged realities. Apart from the initial instalment of five billion dollars to be covered (although it was not) by existing property of various sorts—and a few provisions for future deliveries

[1] See Bass and Moulton, "America and the Balance Sheet of Europe," p. 193.

[2] *Ibid.* pp. 208–215.

in kind, such as the coal clauses—no methods of payment were laid down. A grandiose financial scheme indeed there was, outlined in Annex II of the Reparation Clauses —a scheme for bond issues, under control of the Commission, to the amount of twenty-five billion dollars. These bonds have been represented as the key to the reparation settlement; with their sale on the investment markets of the world to yield cash to the recipient countries, Germany assumes the burden of interest and amortization, and there you are! Quite similarly was the French indemnity paid in 1871.

This whole paraphernalia of bonds, however, makes the reparation settlement not one whit less unreal and illusory than it would be without them. They only put the burden one step further away. It is not necessary to stop and inquire what chance these bonds would have on the market. It is enough to realize that the problem of paying interest and principal on them is simply the problem of paying the indemnity itself. The same balance of German exports is required to meet it; the same necessity follows of finding buyers for these goods without ruining the industries of the Allies.[1]

It is scarcely surprising that with all these problems and complications, most of the allied leaders—and their advisers—were dissatisfied with the entire arrangements: and their dissatisfaction rose to the point of alarm when the German responses began to come in. The Americans, especially, wanted a fixed sum, definitely stated, and within the capacity of the Germans to pay. While the British, and especially Lloyd George, did not, for political reasons, dare support the Americans in this respect, yet they did not share Lord Cunliffe's reactionary views. For a moment, indeed, Lloyd George, then in a panic lest

[1]See Bass and Moulton, "America and the Balance Sheet of Europe," pp. 218–221.

the Germans refuse to sign, reacted sharply toward more moderate views. In his speech of June 2 in the Council of Four, he vigorously attacked the reparation demands as excessive and indefinite. His "alternative suggestions" were: "to take a contract from Germany to make restoration," or, "to give her three months within which she could make a definite offer of a figure."[1]

The American experts plunged enthusiastically into the task of converting the somewhat hazy ideas thus put forward into a concrete resolution to fix a definite sum at once. If only they had been listened to! As brought out in the General American conference next day[2] they encountered the same old difficulties. The French would consider the matter only if the sum were made high enough.

The British delegates were also in reality reluctant to face their public with anything definite within reason. Lamont remarked with reference to Lloyd George's proposed "contract for restoration," that "he is simply trying to postpone the evil day, as far as public opinion is concerned." So the Americans would have nothing to do with these half-way measures, but renewed the struggle frankly on the old basis of a fixed sum. Davis argued that only by thus "getting down to brass tacks" could the reparation settlement offer any basis of credit for France and Italy. The President himself summed up the American case remarkably well:

> The PRESIDENT. The aspect of the subject which interests me is the world aspect of it. Unless these securities that Germany is going to give are known to be worth something they cannot be used as a basis for credit, and somebody else will have to supply the credit. Now they cannot be made worth anything unless Germany has the

[1] Secret Minutes, Council of Four, June 2.

[2] See Volume III, Document 68, for complete minutes of this significant discussion.

means of going to work and producing. Which is the result of saying that they cannot be made worth anything unless she has assets to begin with to establish her own credit. And therefore the thing has two sides to it; not only the aspect of Germany and France and Italy —but the world aspect; working out a method by which this sum would be made not only definite but worth something, by having means for Germany to get to work.

The President continued in the Council of Four his powerful and common-sense arguments for a fixed sum. Even if the device of payment by bonds were used—and the Americans believed it practical—the basis must be a known amount.

President WILSON said that the only argument in favour of fixing a sum was to provide a basis for credit. Supposing, for example, the sum were fixed at twenty-five billion dollars, the financial world could then form a judgment. If it was thought that Germany could pay this sum, many would be willing to lend to her on the strength of the bonds to be issued under the reparation scheme in the Treaty. Otherwise, money would not be lent. To find some way of making the bond issue the basis for credit was the whole question.[1]

The Americans realized that their whole theory of the economic restoration of Europe, through private credits and without further governmental action or interference with the body of existing obligations, depended upon a sound reparation scheme. Germany required a certain and hopeful future, the Allies, fresh assets in the shape of reasonable expectations of payment, in order to release the life-giving streams of commercial credit from our side of the ocean, which would reinvigorate Europe to the point of all-round payment of debts. If there was any hope for the American scheme at all, it lay just in this feature—*a reparation settlement sound enough to make the bonds acceptable securities*. But could such a settlement be

[1]Secret Minutes, Council of Four, June 9.

devised? It may be doubted if even the minimum American estimate of Germany's capacity to pay—twenty-five billion dollars—represented a sum which could actually be collected through the only possible procedure of placing the necessary quantity of German exports in foreign markets. Our own market would certainly not be thrown open willingly for its share. Consider the protective tariff barriers we are putting up! But there was no occasion to reason even thus far. Even by stretching their estimates of what could reasonably be asked and what the Germans might possibly accept in good faith, the Americans could not reach a sum which the allied statesmen would undertake to uphold before their peoples. The *impasse* was bluntly described on June 9.

> Mr. Lloyd George said that . . . on the question of fixing the amount, he was not in agreement with the United States experts. He had turned the matter over in his mind again and again, in order to try and meet their views. The conclusion he had come to was that if figures were given now they would frighten rather than reassure the Germans. Any figure that would not frighten them would be below the figure with which he and M. Clemenceau could face their peoples in the present state of public opinion. . . . Mr. Bonar Law had been in Paris during the last day or two and was better in touch with British public opinion than he was himself. Mr. Bonar Law was also inclined to take the same view as the United States delegates, but the moment any possible figure was mentioned he began to shrink from it.[1]

What was to be done? Reconsideration of the subject had now been under way nearly a week. The experts of the Commission on Reparations had wrangled hotly and ended by presenting two conflicting reports. In their proposed reply to the Germans, the American delegation had again boosted this figure to a capital sum of thirty

[1]Secret Minutes, Council of Four, June 9.

billion dollars, though with part payment in German currency, as in the earlier negotiations, but, as before, they could not offer the one condition that might possibly have persuaded the Allies to put such a proposition before their peoples—a reduction of their own burden of foreign debts. Tardieu relates that at this time the question of these debts was more or less frankly discussed and that the Americans held off because they could not undertake to put the matter before the country until the Treaty itself was out of the way.[1] He surely exaggerates the meaning of the American replies. No one (unless it was Colonel House) could have held out any real hope on this score—knowing opinion in America. At any rate, the Americans could give no assurances in this respect sufficient to sweeten the reparation dose they offered; and the Allies refused to swallow it.

So a reply to the Germans on reparations was patched up out of the American explanation of the Reparation Commission, a promise of consideration for Germany's needs so vague as to be meaningless, and the British scheme for definite proposals in three months—which came to nothing, as the Allies were not any more ready to face realities by that time. It was not thought necessary to say anything to the Germans about limits on the charges for the Army of Occupation, though a private agreement[2] was later reached on this. The President's strong feeling about the outcome was expressed ironically and truthfully when the Council shifted its attention to the Silesian problem.

President WILSON pointed out that the reply to the Germans on reparation had been whittled down so that all sacrifice by the Allies

[1] Tardieu, "The Truth about the Treaty," p. 344.

[2] See Chapter XXX, p. 117, of this book.

had been abandoned. Now it was proposed to place the sacrifice on the Poles.[1]

Here in this brief remark the President strips bare, and reveals as in a flash of brilliant light, the entire secret of the failure of Paris. No willingness to sacrifice anything! Therefore no possibility of securing real or just settlements based upon coöperation. And this did not apply only to France and Great Britain, it applied also to America.

[1]Secret Minutes, Council of Four, June 11.

CHAPTER XLIV

Problems of Economic Disarmament at Paris—Vital Questions Raised by Wilson's Third Point on "Commercial Equality"—The Economic Commission—Access to the World's Raw Materials

PRESIDENT WILSON had remarked, ironically, of the reply of the Four to the Germans regarding the Reparation settlement (June 11) that "it had been whittled down so that all sacrifice by the Allies had been abandoned."

The President clearly perceived in connection with the economic as with the political issues at Paris that willingness to sacrifice was the cornerstone of any just settlement. There must be give as well as take. To get a league of nations, for example, there must be a willingness on all sides to accept certain new responsibilities if the future good of the world was to be served and the truest interests of all nations served. Article X was the "heart of the Covenant" because it represented the element of responsibility on the part of America—which America later rejected.

Similarly in the matter of disarmament, there must be sacrifice all round: the great Powers could not ask the small powers to disarm unless they were willing to do so themselves. And finally exactly the same situation arose in connection with the proposals to meet the vast economic problems confronting the world. Could the great Powers ask economic disarmament of Germany, or economic

docility and coöperation on the part of the restless small states, and offer no real sacrifices on their own part? If each great nation at Paris, because it had the power at the moment, were to pursue its own economic rights and advantages utterly without consideration of the small, the weak, the defeated, nations, how were reasonable, just, or coöperative settlements possible? Could peace be based upon any such policy? Would not an unrestricted economic "war after the war" lead quickly again to more dreadful war?

Great energy had been devoted, as shown in the last four chapters, to an attempt to settle the urgent economic problems of immediate relief—food chiefly—and to reparations, especially the immediate payments in coal, cattle, ships, railway rolling-stock, and the like.

But as the Peace Conference progressed it grew clearer and clearer that it was not enough to deal merely with these urgent problems. If genuine peace was to be restored in the world there were even more important permanent economic problems to be dealt with.

Thus we find Lord Robert Cecil, chairman of the Supreme Economic Council and one of the clearest-headed men at Paris, coming into the Council of Four on May 9 and thus expressing the real problems before the Conference:

> It was useless merely to provide food; in fact the danger to social order was likely to become worse and not better if people were merely fed. It was essential that raw materials should be made available. . . . The problem then was how to provide credit. . . . Personally he regretted that there had not been a further relaxation of the Blockade some time ago.

In these few sentences are set forth or implied the great vital permanent problems of international economic

relationship now confronting the world and demanding settlement:

1. The right of access to the raw materials of the earth.
2. The problem of international credit.
3. The right of one nation or group of nations to block off or restrict the movement of goods across its frontiers.

Certain aspects of these essential problems have been expressed in popular phrases: the "open door," the "freedom of the seas," "commercial equality," and the like, and within the domestic politics of many nations, especially Great Britain and the United States, one element of the problem has found expression in the struggle between policies of "high protective tariffs" and "free trade."

While the Peace Conference never attempted to grapple with this entire network of problems—it was too new, too vast, too complicated—nevertheless there were various significant suggestions before the Conference for dealing with certain aspects of them.

Consider the two important proposals, one American and the other British, for limiting that most jealously guarded prerogative of a national government—the right to impose whatever restrictions it pleases upon the movement of goods across its frontier.

The American policy, rather vaguely expressed in the phrase "commercial equality," was set forth in Point Three of the President's Fourteen:

> The removal, so far as possible, of all economic barriers and the establishment of an equality of trade conditions among all the nations consenting to the peace and associating themselves for its maintenance.

This was a negative policy—of breaking down discriminations between nations in the commercial policy of

any one of them; placing all nations on the same basis in the economic scramble for life. America being rich and powerful economically wanted no more than an opportunity for unrestricted competition everywhere in the world. The British proposal went further. It aimed to open and control coöperatively the ports, rivers, and railways of the world—but especially those of the continent of Europe—to the unrestricted trade of all nations. Rivers, for example, were not to be obstructed by each little nation through which they passed, but were to become true world highways. Its programme was expressed in the phrase "freedom of transit."[1]

A new freedom from petty national restrictions was implicit in both of these proposals, and both at once, of course, struck fire, for they meant great sacrifices of local rights and privileges for the good of all. Both also tended to favour the two most powerful nations in an economic sense: America and Great Britain. The "open door," "free seas," "commercial equality," "freedom of transit" are all American or British doctrines, and not easily acceptable to the other, weaker, and more dependent nations, economically, in the world.

Although neither the American nor the British proposal grappled directly with the fundamental issue of a state's right to impose whatever duties, restrictions, or prohibitions of general application it chooses upon imports and exports, or upon concessions for the development of its natural resources, one cannot but feel that in such suggestions one is approaching the most vital economic problems of the present and future—at least as important as any political issue at Paris.

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[1]The British effort to secure new conventions for "freedom of transit" will be fully discussed in the following chapter.

In his original thinking President Wilson understood clearly the importance of these economic considerations in the establishment of the New Order and made "commercial equality" one of his points of settlement. It has been argued, indeed, that Point Three was the President's response to the Paris economic conference of 1916. This was in January, 1918. As the war progressed toward allied victory, however, and there began to be a closer scrutiny of what the terms of peace should be, criticism awakened in Congress of the touchy implications of Point Three. Did the President mean the "removal of all economic barriers"? Was not this "free trade"? Here was an opening, long eagerly sought, of the Republican opposition with its tradition of high tariff protection! In October the President met this criticism in rather heated letters to Senator Hitchcock and Senator Simmons, the former of which follows:

The White House,
Washington, Oct. 22, 1918.

MY DEAR SENATOR:

In reply to your letter of Oct. 21, let me say it seems to me really not worth while to answer the Republican attacks on Article III of the peace terms I suggested in my address of Jan. 8. The words I used are perfectly clear to any honest mind. They leave every nation free to determine its own economic policy, except in the one particular that its policy must be the same for all other nations, and not be compounded of hostile discriminations between one nation and another, such weapons of discrimination being left to the joint action of the nations for the purpose of disciplining those who will not submit to the general programme of justice and equality.

It would be impossible to follow up all the perversions and misrepresentations that some of the Republicans are now indulging in, and my own judgment is that we can safely leave the matter to the good sense of our fellow-countrymen who can read English.

Sincerely yours,
WOODROW WILSON.

But important as these economic considerations were, they found no place in the early drafts of the Covenant. The President believed that the important thing was the political coöperation of the nations. If he could get that, economic arrangements could be left for later consideration. He knew that he would have to ask a great sacrifice from the American people in accepting the League, and no doubt he wished to avoid raising at that time such fiery controversial problems as those tied up in Point Three.

In January, 1919, however, it was urged by other members of the American delegation at Paris—James Brown Scott and David Hunter Miller[1] and later Secretary Lansing—and the President incorporated it as "supplementary Agreement X" in his third draft. It provided broadly, on the part of members of the League that "in their fiscal and economic regulations and policies no discrimination shall be made between one nation and another."

In the compromise British-American draft, however, which finally became the basis of discussion in the League of Nations Commission, this direct and sweeping agreement was reduced to the statement:

> The High Contracting Parties will agree upon provisions intended to secure and maintain freedom of transit and just treatment for the commerce of all States members of the League.

This was the proposition pushed through, with but slight changes, although not without hot controversy, into the final text of the Covenant. Note, on the one hand, that it is much reduced in force, in immediacy, and in scope (being confined in application to members, while

[1] See Senate Hearings, Volume 2, pp. 1209–1213.

the American proposition was general); and, on the other hand, that the American idea is coupled with the principle of freedom of transit on which the British laid much stress.

This provision in the Covenant well satisfied the President, for it provided for the future consideration by the League of economic relationships without involving difficult immediate agreements. Beyond this the Americans were reluctant to go; they were afraid of actual conventions which might restrict the economic freedom of the United States. Here were explosive questions upon which public opinion in America was most uninformed and where the reaction might be against any coöperation whatever with Europe—as indeed it proved to be in the end. Consequently the initiative in pressing forward to a consideration of these new economic relationships passed to the British and French, to whom the necessity of new international economic arrangements was much more pressing. We thus find Sir Hubert Llewellyn Smith, the moving spirit in the British campaign for a general convention on freedom of transit, writing to Baruch, American member of the economic drafting committee on February 6, that the first job of the Economic Commission should be "the translation of President Wilson's 'third point' into the form of a Multilateral Commercial Treaty including provisions for ensuring Equality of Trade Conditions in international commerce with regard to Customs régime, Shipping, avoidance of unfair competition and the like."

In short, here were the British seizing upon, broadening, and fighting for the President's original proposal—and seeking to make it an immediate issue.

But England and France approached the proposals from entirely different points of view. The French idea

was at the opposite pole from Wilson's. Wilson had thought of the principle as applying to all nations, but the French, here as in political and military spheres, considered it as applying only to the Allies. They were for a limited economic alliance against Germany—as they had, with shrewd foresight, worked it out long before the war closed, at the Economic Conference at Paris, 1916.[1] They had struggled for continued inter-allied control after the war closed and were strongly for the Supreme Economic Council created by Wilson's resolution of February 8, though they were never satisfied with its limitation to the period of the Armistice. With far-sighted persistence they were working for a more permanent alliance.

As early as January 17 they circulated a memorandum suggesting that these great new economic relationships be "considered as a broad general problem, aiming at the betterment of the economic conditions of the world and the relations of peoples with each other." On the face of it this seems a most idealistic proposal! But when Clemenceau pressed in the Council of Ten to secure the establishment of the Economic Commission (January 27) to consider these questions his list of subjects for consideration were all related to the French plan of a permanent inter-allied economic control to support France against Germany. President Wilson pounced upon the significance at once. He was willing to take part in temporary economic coöperation to relieve Europe, but as he said, he "could see ahead certain difficulties."

If he were to carry back to America a treaty in which economic arrangements with America's friends were included in the settlement made with her enemies, the Senate might raise objections. Congress was jealous of being forestalled in commitments on economic matters.

[1]See Chapter XXVII.

Here was the nub of the American attitude.

The British delegates, both Lloyd George and Balfour, however, argued vigorously that the economic life of Europe was at stake, and that the Allies were now responsible for creating methods of permanent reconstruction. The problems were far greater than the economic restoration of France! The upshot was that an Economic Drafting Committee was instituted and instructed to draw up a list of subjects for discussion.

There now developed in this Committee and also in the League of Nations Commission (February 10), which was then discussing Wilson's proposal for an article on "Commercial Equality," a situation strikingly similar to the controversy which arose over the political guarantees of Article X. The French and the Belgians wanted special, strong, and immediate agreements on the part of their allies to help maintain their economic security, especially against Germany. The Americans, fearful of their Congress and public opinion, dared not go too far in committing the United States.

A compromise was reached in the League of Nations Commission through a proposal of President Wilson to qualify the general engagement "to secure and maintain freedom of communications and of transit and equitable treatment for the commerce of all members of the League" by adding a phrase to the effect that the "special necessities of the regions devastated during the war of 1914-1918 shall be borne in mind." While this was still too vague for the French it went into the final Covenant (Article 23 e).

In the Economic Drafting Committee a similar controversy was raging. The British demanded prior consideration of the general regulations, with the special arrangements for devastated countries treated as tempo-

rary exceptions, while the French insisted that these special arrangements for putting their country on a footing of economic equality, not only with its enemy, but also with its associates, were a necessary preliminary to any general agreement.

In spite of these differences of opinion, however, the experts finally agreed and the important Economic Commission came into existence on March 1. It was one of the great and important bodies of the Peace Conference, and the problems which the Council of Ten assigned to it were on the very edge of the economic future of the world. The Ten, to the disappointment of the French, had given over to the Supreme Economic Council the urgent problems connected with the devastated regions, so that the new Economic Commission had for its domain the immense problem of the future economic relationships of the world! Though phrased in sober enough language, consider the field covered in certain of the terms of reference:

> To consider what common measures are possible and desirable with a view to the removal of economic barriers and the establishment on an equitable basis of the principle of Equality of Trade Conditions in International Commerce.
>
> Under this head will arise such questions (among others) as customs regulations, duties and restrictions; the treatment of shipping, including port facilities and dues; unfair methods of competition, including false trade descriptions and indications of origin, "dumping," etc.; and the exceptions and reservations, transitory or otherwise, which may be found necessary to meet special circumstances.[1]

The Economic Commission was to consist of two members from each of the five principal powers and five from the smaller states, but other experts not regularly members were to be drafted into the sub-committees. Baruch and

[1] Annex "A," Council of Ten, February 21; also March 1.

Lamont became the American members and Sir George Foster and Sir Hubert Llewellyn Smith represented Great Britain. Clementel of France was chairman, Crespi the chief Italian delegate, and Matsui the chief Japanese delegate. The American secretary was Colonel L. P. Ayres.

As a matter of fact, the Economic Commission became the largest, most ramified of the bodies of its kind. Each power added half a dozen or more experts to its original two members and it was divided into four sections and many sub-committees.

The work naturally divided itself into two main divisions:

(1) Proposals for permanent agreements among the allied and associated powers;

(2) Consideration of the obligations to be imposed upon Germany and other enemy states in the Treaty of Peace.

The Commission at once attacked the great central problem set forth in Wilson's Point Three, although it was now the British and the French who pressed the discussion. As early as February 14, Llewellyn Smith wrote to Baruch asking for a special committee on "Permanent Commercial Relations," the purpose of which would be "to study and coördinate any proposals submitted by the various delegations with a view to the removal of economic barriers and the establishment of Equality of Trade Conditions."

The American experts appointed to this Committee—L. L. Summers and A. A. Young—began work at once upon a tentative proposal carrying out the general American idea of an agreement of all countries to abstain from special discriminatory economic alliances. This was the

familiar negative American proposal for breaking down barriers.

But the French, of course, wanted something far more concrete and detailed. They circulated among the members of the Commission a printed draft project containing a complete set of proposals. This truly notable document[1] begins most speciously by stating that the propositions it contains are submitted in an effort to carry out "President Wilson's Third Point, Article 21 of the Covenant, and the terms of reference to the Commission." They are "to form the basis of the new economic State composed, to begin with, of the Allied countries and, later on, of all the countries that are admitted to the League of Nations."

Here was truly a vision of future world economic cooperation! A "new economic state!" A kind of economic league of nations!

But here, exactly as in the political League of Nations, Germany is to be excluded for the time being, and even controlled economically.

There is here also another remarkable parallel to French policy regarding the League of Nations. The French were for the League, but they wanted all the German Colonies divided up and all the territorial settlements made first. In this economic document they make a similar provision, that "throughout the period of economic reconstruction . . . it is just to reserve to the Allied and Associated Nations . . . the right to take whatever customs and fiscal measures are required for their economic recovery."

In short, each Allied nation was to have full economic license to do what it pleased in discriminatory duties and so on until France was restored. After that—presumably

[1]See Volume III, Document 60, for full text.

when Germany had been reduced to permanent economic inferiority—why, there could be this new "economic state"!

But France wished to go even further than this, and one part of the memorandum opened up the immense and complicated problem of access by all nations to the raw materials of the earth. Consider the following remarkable provision:

> In order to put an end, so far as possible, to international rivalries in the search for raw materials, to suppress many of the causes of the economic conflicts that endanger the world's peace, and to offset the natural inequalities arising from the geographical distribution of resources throughout the world, the Allied and Associated countries agree that henceforth the raw materials of industry shall be entirely free of both import and export duties.

While it is plain from the project itself that this vision of a broader international economic coöperation and a freer access of all nations to world raw materials excludes Germany, at least for a long time, from its benefits, and is peculiarly for the benefit of France, which is weak in certain raw materials, it nevertheless raises issues of the greatest magnitude, issues that will force themselves more and more in the near future, upon the world. Already the international problem of access to oil supplies is one of acute difficulty.[1]

[1]Far-seeing American experts have also been considering these questions from the broad viewpoint of the future of civilization. For example, the report of the Committee on Foreign and Domestic Mining Policy of the Mining and Metallurgical Society of America, in November, 1921, after an exposition of the world situation in regard to mineral resources and a statement of the principles on which it must be handled in the interest of the unhampered progress of our civilization, concludes:

> "We are confident that a common understanding of these elementary facts of geographic distribution of minerals, and of the consequent necessary mineral movements determined by nature, is an important first step in minimizing international difficulties."

The committee insists upon *freedom of exploration*, unhampered by great exclusive concessions; *freedom of development*, so far as is consistent with sound economic laws but without stifling regulation and taxation; *freedom of movement*, without exploitation of monopolies by export taxes or unwise protection of uneconomical home industries

One can readily see, of course, that the French proposal for the removal of duties on raw materials went far beyond the principle enunciated by President Wilson. All that the Americans advocated was the abandonment of discrimination in tariff policies. What the French demanded was the total wiping out of tariffs on certain classes of commodities among members of the League. Daring as was this proposal, however, it still fell short of the fundamental demands of the situation. For other questions besides tariffs profoundly affect the distribution of raw materials—for example, exclusive concessions, which may as easily lead to war as discriminatory tariffs.

In the present-day controversies in regard to oil, for example, it is not tariffs which are in question so much as local monopolies. This is the case in the disputes of Americans and British over the oil of Persia and Mesopotamia. In Mexico the question is mainly one of internal taxation and restriction. The French proposal, therefore, would have contributed nothing to the solution of these fundamental problems. Indeed, at the very time this proposal was before the Economic Commission, the American experts learned of an intrigue in progress to obtain for France, in return for a loan, an exclusive concession to operate the state-owned oil wells of Rumania. The transaction even included, in direct contradiction to the

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by import taxes. Professor C. K. Leith of Wisconsin, Chairman of this committee, in an address to the Council of Foreign Relations, January 6, 1922, urged the necessity of getting away from the existing condition of international bickerings and the attempts of each nation simply to promote its own rights and prevent isolated cases of harmful action on the part of others. He suggested "an affirmative agreement that these channels of distribution shall be kept open."

At this same meeting Dr. J. E. Spurr, President of the Mining and Metallurgical Society of America, put the principle involved in even broader terms, by referring to "the growing thought that the chance distribution of mineral deposits within certain political boundaries does not carry an altogether exclusive ownership; but that the whole world has some lien on these mineral deposits."

These sober statements of specialists indicate how profound is the issue touched upon in the French memorandum to the Economic Commission.

principle which France herself was advocating, a royalty, payable to France, on exports of oil from Rumania.[1]

Thus did practice fall short of principle, even while the principle fell short of the complete needs of the situation. As additional instances of the importance of oil in international politics and of the methods pursued in regard to it, one might mention the endless bickerings between the French and British (described in Chapter IV in connection with the history of the secret Sykes-Picot Treaty) over the oil of Mesopotamia and the means of transporting it to the Mediterranean seaboard; and also, the efforts of the Italians to take over the occupation of the Caucasian fields from the British.

Italian policy exhibited the same conflict of principle and practice as did the French. The Italians were even more sincerely interested in free trade in raw materials than the French, being in a more dependent position in this respect. Yet the Italian appetite for special concessions was always in evidence—inadequate as these must be to supply her own deficiencies and inadequate as were her means of exploiting them. Balfour based his noteworthy proposal for a Turkish settlement on this factor of Italian greed for economic advantages, while commenting cynically on the hollowness of the prizes sought.[2]

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[1]These facts were brought out in the Minutes of the Economic Group, March 15, as follows:

"Mr. Hoover cited an offer by France to lend Roumania 250,000,000 francs in exchange for concessions to exploit all non-private oil wells of that country. France in addition would receive a royalty on all oil exported from Roumania. He had told the Roumanians who came to him, distressed about the situation, that the United States would take a benevolent interest in their applications for future credits.

"*It was agreed* that this exploitation by France should be checked, and that Colonel House should be asked to confirm this decision."

[2]See Chapter XXXII; also Volume III, Document 41, for text of Balfour memorandum.

There were, thus, two main ideas for general economic agreements before the Economic Commission—the Anglo-American, for the abolition of discriminatory tariffs; and the Franco-Italian, for freedom of trade in raw materials. But the questions raised were so vast—going to the root of world economic relationships—that the Commission could only touch upon them and then surrender to the pressure of urgent matters that must go into the Treaty of Peace. At the first meeting of the Commission, on March 7, the British chairman, Llewellyn Smith, observed mournfully that the "wider questions" connected with the subject of "Permanent Commercial Relations" would have to be "left over until these more urgent matters were settled."

The general questions continued to be shirked instead of being met openly as they were in the Commission on Ports, Waterways, and Railways.[1] The American representatives, fearful of economic commitments, were among the most willing to shirk them. For example, on March 12, the British chairman of the Sub-Committee on Unfair Methods of Competition "proposed as a second subject for discussion the framing of a draft convention concerning unfair competition to be adopted by the Allied and Associated Powers and possibly the newly created states. In the British view, such a convention would extend to other powers the agreement which it was proposed to exact from Germany." It was the American member, L. L. Summers, who interposed the first objection to proceeding with this proposal.

Mr. SUMMERS (U. S.) thought that the discussion of such a draft convention lay outside the competence of the Sub-Commission, which had merely been directed to formulate a clause to be inserted in the Treaty of Peace.

[1]See following chapter.

The Europeans were showing a disposition to run away with President Wilson's modest proposition and to deduce all manner of unexpected conclusions from it; but our delegates would not be rushed!

As time passed it grew clearer and clearer that it would be impossible to come to any general agreements whatever upon these enormous and complicated problems.

Informal exchanges of views established the fact that no one proposition was popular with all delegations. The American plan for an agreement against discriminatory tariffs might have rallied British support, if qualified in certain respects touching on imperial preference and the status of the Philippines. But standing alone, it was not acceptable to the French. They would swallow the proposal only if accompanied by a set of exceptional transitory measures designed to bolster up France's own economic position. These the Americans and the British were not prepared to adopt, although they admitted the necessity of some special measures in favour of the devastated regions. As for the French proposal in regard to raw materials, it is doubtful if even they would have agreed to a general permanent agreement on the unqualified proposition. But there was simply no chance of the United States accepting the abolition of import duties it called for. We have no export duties; but there would have been many countries to balk at abolishing these. Likewise, there were several states which had always declined to enter conventions for the protection of industrial property and the prevention of unfair methods of competition. A general agreement on this subject was not to be obtained at a stroke. In consequence of all these differences of opinion, the project of a general convention, or even of a call for a special conference to draw one, was never discussed in the Economic Commission,

or any of its offshoots, to the point of reaching any decision.[1]

In the end, the whole business of general commercial agreements was handed on almost untouched to the League of Nations as, indeed, the President from the beginning thought it should be.[2]

Since the Peace Conference the League has been struggling vigorously with the problem, keeping the subject with determination before the world. The matters involved are partly covered by certain Conventions on Industrial Property, last revised at Washington in 1911; but only a relatively small proportion of states have adhered to them. The only hope of a constructive adherence of the others lies with the League. Last March (1922) the Economic Committee of the League agreed to refer further action to the Conference of the Union for the Protection of Industrial Property, due to meet in December, 1923.[3]

The Genoa Conference likewise passed on the question to a future assembly.

But just as the Allies at Paris refused, in the matter of armament, to impose any limitations upon themselves they were willing enough to impose them on Germany and other enemy states, and even on new states. All the delegations offered drafts of treaty clauses with this end in view.

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[1]See A. A. Young in "A History of the Peace Conference at Paris," Volume V. pp. 70–71.

[2]In only one minor respect does even the limited proposition of President Wilson, as finally embodied in Article 23 e of the Covenant, obtain immediate recognition. That is in the Covenant itself—in Article 22 dealing with mandataries. The "equal opportunities" in mandated territories "for the trade and commerce of other Members of the League" are required only in the case of the least important second class of mandates.

[3]See Monthly Summary, League of Nations, March, 1922, p. 56.

These corresponded fairly well in their main feature. Each enemy power was to be obliged to grant all the allied and associated powers, without discrimination, "most favoured nation" treatment in regard to import and export duties and all regulations pertaining to commerce. Obligations to this effect were embodied, without controversy, in Articles 264–267 of the German treaty and transferred in identical form to the other treaties.

The Americans believed this obligation was all that need be imposed, as Wilson told the Council on April 23. But many additional proposals were advanced, especially by the French and the Italians, to force tariff concessions on Germany without reciprocal obligations. For example, Italy wished to prevent Germany from imposing high import duties on such Italian products as wine, olive oil, vegetables, and fruit. The Americans fought the whole idea of this proposal bitterly. They maintained that Germany must have complete freedom in her tariff policy, subject only to the ban on discrimination. The American argument on this point was admirably presented by Baruch in the full Commission, on April 3:

> Mr. BARUCH said that before considering the specific proposal under discussion, he thought the general principle should be dealt with as to whether it was the intention to impose and maintain restrictions on German trade after peace was signed. The intention of the Allies was to demand very large sums by way of reparation from Germany, and the view of President Wilson was that Germany should have freedom of trade immediately after the signature of peace, so that she should not be in a position to resist the demand of the Allied and Associated Powers for reparation by urging the plea that these powers had imposed on her restrictions which prevented her from raising funds. The first two or three years after the signature of peace would be a specially important period from this point of view.

The proposal could not be downed, however. Special interests and the desire to hamper Germany always got precedence over the requirements of a sound reparation policy based on the restoration of Germany's productivity.

Whenever the question arose of special obligations to be imposed on the enemy without reciprocal observance of them by the allied and associated powers, there was always a fight over the duration of these requirements. The French always stood at the head of a continental group eager to stretch these disabilities over as long a period as possible. The Americans always fought to cut the period down. It was finally agreed after a long fight that general articles should last for five years unless prolonged by the Council of the League.

In conclusion it may be said that while practically no progress was made by the Peace Conference toward solving the vital problems connected with "commercial equality" and "access to raw materials," there was undoubted value in the mere effort to consider them; for in this way a group of questions of the utmost importance to the future of civilization was called to the attention of thoughtful men. For how can there long be peace among nations which are employing against each other, without restriction, all the weapons of economic warfare? And how can there be peace when a world growing yearly more crowded is dependent for access to indispensable raw materials upon nations which hedge about these resources, without restriction, with every sort of customs barrier, or indeed control them through monopolistic concessions or by special forms of taxation?

These are questions clamouring for studious and sensible consideration, and the world has at least to be thankful that the beginnings were made at Paris.

CHAPTER XLV

New World Problems of Freedom of Transit—"Free Highways for Trade"—Internationalization of Rivers, Canals, and Railroads—Question of "Free Ports"

ECONOMIC disarmament at Paris encountered as rocky a road as military disarmament. The nations proved as unwilling to make any agreements to reduce or equalize their customs barriers or to modify their control of transit facilities, as they did to curtail their frontier fortifications or to cut down their armies and navies. In the last chapter it was shown what happened to the American principle of "commercial equality" embodied originally in Point Three of President Wilson's Fourteen.

In this chapter will be considered what happened to the corresponding British principle of "free highways for trade": rivers, canals, railroads, and the approaches to all three—ports.

It is a fact that the principle of free highways, maintained and protected by the state, has grown steadily with civilization and with economic development. It is easily apparent that free communication promotes common progress and prosperity.

If the day of the toll-road and toll-bridge within the state has passed, the principle of restricted transit in the international field has long been under attack. Here were great rivers flowing through the territory of several nations: should each of these states, no matter how small,

be allowed to levy tolls, or otherwise obstruct the traffic passing through? Should one nation, because it happened to control a port, be allowed to levy taxes and tolls on all goods going through it to other nations beyond? If so, the nation controlling stretches of an international river, a canal, a railroad, or a port, could influence the development, the very existence, of other people dependent upon these highways. It will be seen what a vital problem this is whether the privilege of levying tolls is exercised as in older times by a robber-baron sitting in his castle above the highway, or by a modern state taxing all passing cargoes.

Since the beginning of the nineteenth century new methods for the control of these old abuses have been struggling to emerge. In the beginning, great rivers formed the chief roads of inland commerce and broad rules for their international regulation were laid down by the Congress of Vienna in 1815.

As the world entered upon the era of its great industrial development, however, and canals and railroads came to be more employed, new factors appeared. The nations controlling these new international highways must, of course, levy charges to cover the cost of maintaining such expensive instrumentalities, but they soon discovered that they could also go further and bleed through traffic, or hamper it to the advantage of their own export trade to the countries of destination, or grant more favourable treatment to the traffic of one nation than to that of another—for national enmities and friendships were rapidly developing an economic side. In the case of so great and so thoroughly international an enterprise as the Suez Canal, and later the Panama Canal, such proceedings were out of the question—they were opened to all on the same terms. But on the new trade highways of Europe prac-

tices grew up as injurious as the old river tolls, and these, intensified by the multiplication of sovereignties and sharpened by the hatreds of the war, threatened to become disastrous.

Such developments especially impressed and alarmed the British, as the nation more interested than any other in free avenues everywhere for trade. The British proposal[1] at Paris, then, was intended to sweep away all such abuses at one stroke, to generalize the tested system of river commissions and apply it to channels of international transit everywhere. It would require each nation to accord to the through traffic of all other nations equal treatment on the same basis as that accorded nationals of the state itself, exempting it also from payment of customs. In place of the old permanent river commissions and courts, the British proposed new special commissions of enquiry operating under authority of the League of Nations.

The British pushed their great new proposal with vigour. They secured, by resolution of the Council of Ten, January 23, a commission on Ports, Waterways, and Railways, which was formally approved by the Plenary Session of January 25, and they laid their draft convention before that commission as soon as it met. They also went a step further—just as the Americans were doing with their principle of "commercial equality"—and sought to connect it up permanently with the League of Nations. Indeed, as already shown in the last chapter, the two ideas, both of which sought more economic freedom, were wedded in one article (23e) in the Covenant.

This Commission on the International Régime of Ports, Waterways, and Railways was one of the hardest working groups at Paris. It held no fewer than 43 meetings and

[1]For text of resolution of February 10, 1919, see p. 291.

many of sub-commissions, and its report, of some 400 printed pages, is a model of completeness. No other commission at Paris was anything like as conscientious in keeping its records, and, however indeterminate the results of its deliberations, the discussion well repays study for the light it throws upon a whole network of fire-new world problems.

Not only were the five great nations represented but, by necessity, also a number of small states, for they were also deeply concerned over what was to be done. The American representatives were Henry White, a member of the American Peace Commission, David Hunter Miller, and Manley O. Hudson. A. L. Sifton of Canada, Sir Hubert Llewellyn Smith and General H. O. Mance represented Great Britain. Crespi of Italy, one of the most active members, was chairman.

Scarcely had the Commission begun its meetings than three different points of view developed:

1. The British wanted to go straight ahead and make a general convention covering all of these far-reaching relationships and have it signed by all nations, including the enemy, as part of the Peace Treaty.

2. The French objected to "anything," as M. Claveille said, "which would give freedom of transit to enemies as well as to Allies."[1] They wished to consider first of all methods of making the rivers and other transit facilities of Germany free for the use of the Allies, without reciprocity.

3. The Americans suggested a middle course, which was the one adopted. This, as outlined by Henry White, was to work out certain general principles, but to consider each specific case separately.[2] The Americans from the begin-

[1]See Minutes of February 10, p. 7.

[2]For text of Henry White's memorandum, see Minutes, p. 248.

ning, although Mr. Hudson proposed a declaration "in favour of the principle of free transit," were suspicious of a general convention that would commit America to anything definite, but they were willing to help settle the concrete problems of Europe.

Here, then, just as in every other department of the Peace Conference the struggle for the adoption of broad new general policies was bitterly countered by the French, arguing their suffering and devastation—with which all sympathized—and asking not only the control of German transit facilities but a special exception in the case of France "for twenty-five years from the signature of the Preliminary Peace Treaty," from granting freedom of transit even to her allies! The truth was that France was as fundamentally opposed to the idea of sacrificing a single economic weapon as she was to surrendering a single military weapon. She was willing to support general coöperative principles that applied to others, especially Germany, but she fought tooth and nail for special treatment for France. She was willing to have free transit in all other countries but was unwilling, for twenty-five years at least, to grant free transit even to her friends through France.

While of course this idea was not accepted, the struggle that followed was most illuminating. The French began urging on March 1 that the Commission devote itself immediately to "the discussion of the peace conditions relating to means of communication which the Allied and Associated Powers might instruct their representatives to demand of the enemy."[1]

In short, they wanted to make sure that freedom of transit for allied trade was imposed upon Germany. To meet this proposal the British and Americans got together, as so often happened, on March 3, and finally agreed on a

[1]See Minutes, p. 268.

compromise proposition that would salvage as much as possible of the great general principle. This proposition had three elements. First, it placated the French by agreeing to impose freedom of transit on the enemy. Second, it provided that the powers agree to hold, at a later time, a conference for drawing up general agreements. This met the American objection to immediate agreements. Third, in order that the British project of securing agreements at once be not entirely scrapped and the new Europe, with its many hostile small states, be left totally without restraints upon economic license, provisions for freedom of transit were to be applied to all territories, like parts of Poland, Czechoslovakia, Alsace-Lorraine, the sovereignty of which had lately changed hands. In short, the attempt was here to be made, just as in the matter of disarmament, to impose obligations upon the small new states which the great Allies themselves would not accept.

But even this British-American proposal for compromise was not acceptable to the French and the Italians, who thought at once of what they would possibly have to sacrifice in Alsace-Lorraine and in the Trentino and Trieste. As for the small states, they rose at once in their wrath and enquired, as well they might, "why their states were not treated on the same moral footing as the other states."

After much heated discussion the clause finally submitted by the Commission (March 20) for the Treaty of Peace simply imposed, as the French desired, freedom of transit for allied trade upon Germany, without any reciprocal rights.

But the British were still not willing to give up, and after the actual matter of what was to go into the German Treaty was out of the way, they urged that the Commission recur again to the earlier plan of a general agreement

among the Allies, not to go into the Treaty, but to be signed at the same time. This matter was argued in the Council of Four, but the chief leaders were so intensely preoccupied with other matters that they could give it little attention. Various sessions of the Commission were held in April and May, at one of which delegates from Switzerland appeared and made a most eloquent statement of the importance to the world of some action upon this subject, which particularly affected the welfare of the weaker states. The Swiss note stated:

> The nations of Europe have placed their trust in the work at present in course of preparation in Paris. At the close of this most terrible of wars they expect the conference of the Great Powers to make a solemn affirmation, a restatement of those essential principles of international justice without which no lasting peace is possible. . . . Thus Europe expects from the Great Powers a solemn declaration, restating, defining and developing the guarantee of that free international transit which was in similar circumstances recognized as an imperative necessity in Article 5 of the Treaty of Paris of May 30, 1814. . . . In order to assure a lasting peace for Europe to-day, it is necessary, as in 1814, "continually to render the peoples less strangers to each other," to make them more united within the League of Nations, by endowing the principle of international transit . . . with the higher value of a permanent general principle of the universal law of nations.[1]

Here was a statement that truly breathed the spirit of the New Order, that voiced the thought of a new coöperative system which, by doing away with petty restrictions, would bring the nations together and make real future peace a possibility. It undoubtedly gave new courage to the other exponents of the idea. The British submitted a new note declaring that if the nations were really "inspired with the determination" to bring these new things to pass, "there is no intrinsic reason why world-wide

[1]Minutes, May 9, pp. 168, 169.

conventions should not be agreed to, establishing the fundamental principles of *Liberty*, *Equality*, and *Continuity* in the international régime of transit and waterways, and to a large extent of ports and railways."[1]

There seemed for one great moment a chance that something real might be done. The Belgian delegate subscribed to the British point of view, and it was plain from the discussion that some of the others were coming around.

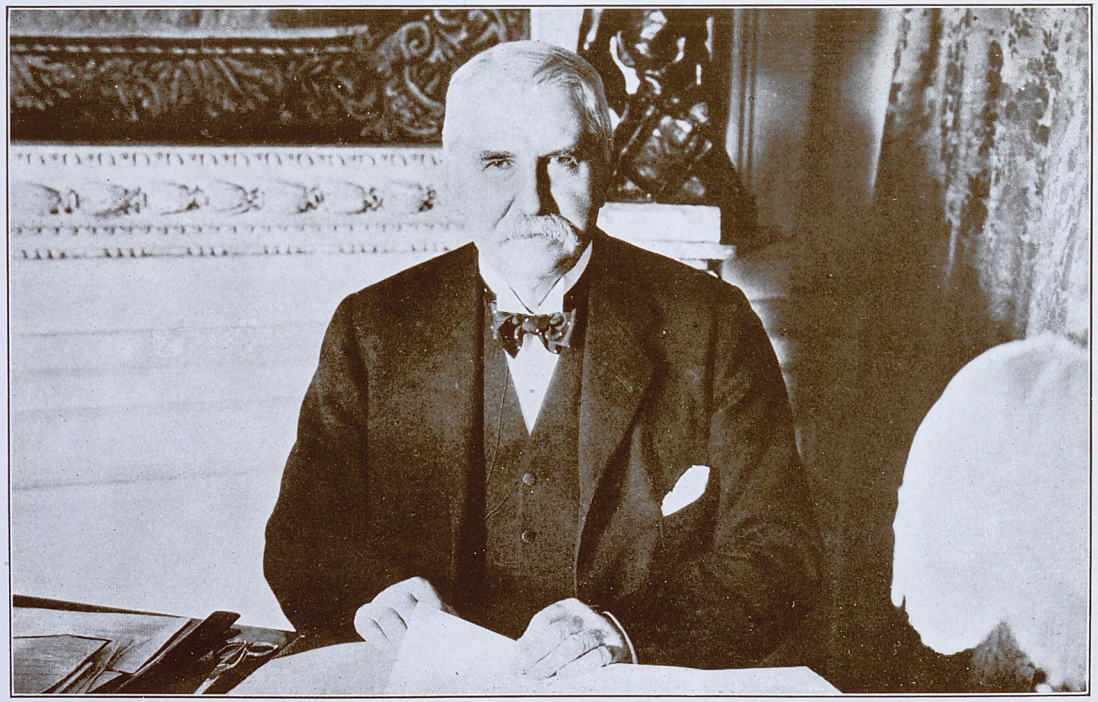
But unfortunately it was now the chief American representative who halted progress. Here again entered the American fear, so often expressed also by President Wilson, of immediate economic commitments of any sort. There were the Senate and unawakened American opinion to be met. Mr. White said that "the United States delegation were of opinion that this question did not come within the scope of the Peace Conference," and asked for delay.

The British still continued persistently to press the matter, but on July 1, after the President's departure, the American delegate finally postponed the whole matter by writing to the chairman of the Commission of Ports, Waterways, and Railways that the United States Government was not prepared to enter into any general convention for the time being and believed that the whole matter should be left to the League of Nations.[2]

And indeed the general idea of securing some future agreement upon this important subject had found lodgment in the Covenant of the League of Nations where the seeds of so many new principles were planted: principles that will grow if they are properly nurtured by the goodwill of the nations. It was the President's idea all along

[1]See Annex II, p. 176, Minutes.

[2]See "A History of the Peace Conference at Paris," Volume II, p. 105.



Henry White, Member of the American Commission to Negotiate Peace

that subjects such as this, upon which he could not at once commit the United States, might be met in the future by the League, in which we should be a leading member.

The reference of this subject to the League (in Article 23 e of the Covenant) proved, indeed, immediately fruitful. It resulted in the International Transit Conference at Barcelona in the spring of 1921 which drew up excellent treaties which are now being ratified. But we were not there![1]

If the great Powers at Paris refused to bind themselves they bound Germany hand and foot by Articles 321–326 of the Treaty. These provisions, excellent in themselves, if observed all around, become onerous disabilities when given such a one-sided application. Here again, as in so many other cases, the British and the Americans, if they could not mitigate or broaden the disabilities to be imposed upon Germany, could at least demand a time limit. As Hudson, for the Americans, declared:

> The United States Delegation had endorsed the clauses in question on the distinct assumption that there should be a time limit to their application, and that this time limit should in no way be dependent on Germany's admission to or exclusion from the benefits of the League of Nations.[2]

A heated and long-continued dispute ensued over this problem, the French demanding a long-time application, which finally resulted (in Article 378) in setting the period at five years, but allowing the League of Nations to prolong it.

So the associated powers contrived to bind their enemies by a set of rules of conduct toward them which they themselves declined to accept as governing their relations either with the enemy powers or among themselves.

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[1] See Monthly Summary of the League of Nations, April, 1921, p. 2.

[2] See Minutes, p. 77.

They also contrived, finally, in a lesser degree, to bind the small new states. For the British, assisted by certain of the Americans, kept plugging away at their principle. They succeeded in getting into the Polish and other special treaties fairly generous arrangements for freedom of transit "pending the conclusion under the auspices of the League of Nations of a general convention to secure freedom of communications and of transit."

This set of special treaties meant a considerable gain for the principle of freedom of transit. They applied, not only to former German, Austro-Hungarian, and Russian territory, but also to the old lands of Rumania and Serbia. Taken together with the obligations imposed on the enemy, they go far toward breaking down this particular kind of commercial barrier throughout central and eastern Europe. And they gave the system a partial application everywhere else.

All these partial recognitions—even the non-reciprocal ones applied to the enemy—are sanctions of the great principle of freedom of transit which make more sure its ultimate general triumph. It encountered at Paris the resistance of special interests and designs and failed of general immediate adoption, but it conquered a good deal of ground after all. And even the greater Allies were practically committed to a general convention within the next five years.

But the Commission on Ports, Waterways, and Railways was obliged, besides considering the general subject of freedom of transit, to pay detailed attention to each of the subjects named in its title—subjects calling for positive methods of international coöperation, rather than the negative self-denying ordinance implied in the British proposal.

It may seem curious that the first proposal relating to

internationalization of rivers was laid before the Commission by the French, who opposed the Freedom of Transit Convention. The apparent inconsistency is easily explained. The subject was an old one, already pretty fully worked out; and the only modifications contemplated were to the disadvantage of the enemy states.

The French had a significant variation of the older method of river control to advocate. In the Treaty of Vienna, 1815, control is lodged in delegates from the riparian states; that is, from states actually touching the river itself. A later exception to this rule was the successful Danube Commission set up in 1856 for controlling the mouths of the river, upon which were represented powers —Great Britain, France, Prussia, and Sardinia—that had no contact with the river at all.

The French were for the broader control either by the League of Nations or by the great Powers. They argued that control by riparian powers had led to abuses, as was indeed the case, but their great and primary reason for supporting the broader supervision was that it would remove all the great rivers of Germany from her control and place them in the hands of a commission dominated by the allied and associated States upon which France herself would have one of the most prominent members. Here lies the crux of the whole story.

The British also believed in the wider control, as their draft of February 18 showed, but they wished methods of supervision to be worked out by the League of Nations. Of course, as a great commercial power, the British were for the salutary principle of giving interested non-riparian states representation on commissions; but they did not set out deliberately to create a system of unnatural controls at the expense of the enemy.

Serious difficulties were encountered, however, when it

came to making a general application of the system of international commissions and of control in the interest of freedom of navigation. On one hand, there was the contention of the Belgian member, Segers, that the interest of one state out of two or more touching on a river might be so far paramount as to be considered exclusive, giving it a right to sole control of the entire navigable course. This was the right that Belgium claimed over the Scheldt. Then there was the argument which Miller advanced on behalf of the United States, that navigation was not necessarily the chief consideration in regard to a river, but might be overridden by the importance to a region of fishing, water-power, or irrigation. He had in mind rivers the control of which the United States shares with Canada or Mexico; and he sought to preserve our rights as against outside powers invoking the principle of internationalization, in the interest of their rights of navigation, by making special provisions for rivers crossing or dividing only two states.

The mischief of these contentions was that they undermined the general principle for which both the British and the French were working. Kramar of Czechoslovakia excitedly argued in response to Miller that even "when only two states were riparian, it might nevertheless be very desirable to bring about a wide internationalization: for instance, in the case of the Elbe, Oder, or Vistula. If that were not done, newly formed states might find themselves forced to deal alone with a state like Germany."

In the end the discussion of the general conventions for the control of international rivers was shunted aside at the Peace Conference, like that of the Freedom of Transit project, by the pressure of other and more urgent concerns. It could not indeed make much headway against the

French insistence upon centring attention on terms for Germany and the American opposition to all immediate general conventions.

But if the powers were unable to agree on any general conventions for river control at Paris they succeeded, just as in the matter of limitation of armament, in applying a series of drastic regulations to certain rivers flowing through Germany. These are named in Article 331—the Elbe, the Oder, the Niemen, and the Danube—the Rhine being reserved for special treatment. The general rules governing control of these waterways are laid down in six articles (332–337). Unlike the Freedom of Transit articles the duration of the last five of these is subject to no time limit.

It is in the construction of the commissions of control, set up by the Treaty, however, that Germany is hardest hit. In each case, she is swamped by the representation of non-riparian states. On the Elbe Commission, for example, she has four votes to two for Czechoslovakia, but four more votes are held by Great Britain, France, Italy, and Belgium; so that she has only four out of ten. On the Oder Commission she has three out of nine, the others going one each to Poland and Czechoslovakia, one each to Great Britain and France, and one each to Denmark and Sweden—four allied votes to three German, with two neutral. The Rhine Commission works out worst of all. Germany has four members to France's four and the presidency, while two each from Holland and Switzerland are overbalanced by two each from Great Britain, Italy, and Belgium. It may quite safely be asserted that in all these cases Germany is under-represented in proportion to her interests, and the non-riparian states are over-represented in proportion to theirs. And the control here is made permanent.

Small wonder that the Germans, in their *Comments*, complained (although their statement that the "compass . . . is not fixed" is correct):

> The German river systems together with all such rivers and canals as are linked up with them are to be administered by international commissions, in which Germany in no case is to have a majority. The compass of the work of these commissions is not fixed and can therefore be extended *ad libitum*. The commissions would thereby be in a position . . . to exercise an economically unlimited authority over the whole of Germany's internal waterways.

So much for proposals for river control; we come now to the related but more complicated matter of the control of canals. Here the cost of construction and maintenance presents added difficulty. Thus far, there are few international canals; only two were dealt with by the Peace Conference. But certain problems of inland canals—like the Kiel Canal—did occupy much time in the Conference. This discussion was of some importance because it opened, for a moment, the problem of other great ship canals—Suez, Panama, and the like. The Americans even saw the application to the Cape Cod Canal.

An attempt was made at first to deal with the whole question of the Kiel Canal as a naval matter. The naval conditions of peace reported to the Supreme War Council by the admirals, on March 6, contained the clause:

> The Kiel Canal shall be open at all times to all war or commercial vessels of every nation. No nation shall benefit by especially favourable treatment, and no class of vessels shall be excluded from the Canal.

But the Americans had at once spotted the principle involved and Lansing put up a very cogent objection, from the American point of view, to both the commercial and naval aspects of the proposal:

Mr. LANSING . . . failed to see why all commercial ships of other countries passing through the Kiel Canal should be given special privileges. The same privileges might be asked in the case of the Cape Cod Canal, in the United States of America. He could see little justice in allowing the proposed clause to remain, in view of the fact that the German fleet was to be reduced to very small figures, combined with the destruction of the fortifications in the Kiel Canal.[1]

On April 16 there was a grand general meeting of the Commission on Ports, Waterways, and Railways and the naval experts of the powers. Here Admiral Benson, the American naval expert, stated flatly that the whole proposal of the French for the control of the canal "was a very dangerous international precedent, to which he most definitely objected."[2] He said he was against "any measure which dictated to Germany what she was to do with regard to the canal."

There followed a long and complicated discussion, the French arguing for close control by an international commission and the British favouring control by the League of Nations. Hudson, for America, worked here with the British. The Council, despite Admiral Benson's continued opposition, finally adopted the clauses which became with some changes Articles 380–386 of the Treaty. These do just what Benson objected to: dictate to Germany what she shall do with regard to a canal wholly within her own territory. It is opened to all nations, both for war and commercial vessels, on terms of entire equality, and though directly controlled by a German commission, in the event of severe controversy the League of Nations is to decide. This, of course, sets a most interesting precedent which may in future affect the control of many other canals.

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[1]Secret Minutes, Council of Ten, March 6.

[2]See Minutes, April 18, p. 307.

While rivers and canals are still very important means of inland transit in Europe, railways have also taken a place as carriers of international traffic which calls for the development of a broad policy concerning them. The difficulties are here exceptionally great. Such matters as standardization of gauge and of brake systems seem simple enough subjects for international agreement, yet the latter has not yet been satisfactorily adjusted. But the equalization of rates and service, in such a manner as to prevent unfair discrimination against foreign commerce, is a matter of appalling complexity. We have found such problems tough enough in our own country. In Europe they are tougher, for the states are more completely sovereign and jealousies among them fiercer; while no railway administration crosses national frontiers, except in some cases of the creation of new frontiers in Central Europe. Only an International Commerce Commission with very broad powers can really assure fair treatment for all under such conditions; but whence is it to derive an authority equal to our Interstate Commerce Commission? The League of Nations will have to develop far beyond the status laid down for it at Paris before it can lend any such sanction to its organs as that which is afforded by our Federal Government. Nevertheless, much can be accomplished by international agreement; and some steps had been taken along this road, especially since 1890, by a series of conventions signed at Berne.[1]

No serious attempt was made at Paris to arrive at a general convention on railways, but on March 9, the French, as usual, laid before the Commission a draft of clauses to be imposed on the enemy by the Treaty of Peace. These required the treatment of allied traffic

[1]By Article 366 of the Treaty the Powers renewed all but one of these invaluable Berne conventions.

over the railways of enemy countries on equal terms with their own as regards rates and service—all of which is far less simple than it sounds. All this, of course, was without reciprocity on the part of the Allies. Most of the other delegations devoted themselves to proposing highly ingenious additional clauses further restraining or constraining the enemy to the advantage of their own countries. Thus Rumania wished to impose on the enemy countries the same obligations in her favour that they had imposed on her in the Treaty of Bucharest. One proposal, pressed by Czechoslovakia and Belgium, illustrates the complexity of the whole problem. This was that the enemy countries be prohibited from establishing cut rates over their lines between points served by shorter lines passing through allied territory—as between Silesia and Austria, Holland and the Rhineland or France. Miller asked: "If Germany was able to transport over long distances at lower rates than the other powers could she be prohibited from doing so?" But there is more to the problem of rate wars than that, as we have learned to our sorrow.

The attempt to frame a general clause preventing rate cutting on competing lines was at last given up as too complicated. For the rest, a number of special articles were included in the treaties of peace governing such matters as the conditions attached to transfer of railway lines in ceded territories and the operation of sections of line lying within one country but forming parts of the railway system of another. But the conviction that national railway systems must fall into completely separate compartments was too ingrained to permit more than a few transitory provisions of this character. The international railway problems of Europe thus remain the farthest from settlement of any connected with the

great business of international traffic—of such vital importance to civilization.

A problem closely connected with that of the use of means of international communication is that of the use of ports. These are essential links in the system of transport, the points of transition from one form of carriage to another—transition between sea-borne and inland, between water-borne and overland traffic. They are as much parts of the general system as the locks in a canal or the switching yards of a railway. One of the great questions now before the world is that of "free ports." This was one of the sharpest points of controversy regarding Fiume; it entered into the discussion of the disposal of Shantung; it was, in large degree, the problem of Danzig. "Free access to the sea" was one of Wilson's principles and lies indeed at the foundation of the welfare of all peoples.

The recognition of the need of new conventions to deal with this highly important problem was common to all the nations. Both British and French had drafts of proposals to present, and each made efforts to standardize and broaden the application of the principle; but the difficulties were so various and vast, and the jealous fears of each nation that its sovereignty would somehow be endangered were so acute, that little could be done. A few regulations were indeed imposed upon Germany—Czechoslovakia, for example, is to have the free use of certain zones in the German ports of Stettin and Hamburg—but beyond this little could be done.

However, there is a chance that the League of Nations, if its members attack the problem with good-will, can really do something. A start was made by the Barcelona Conference of 1921, which drew up a series of recommendations that may open the way to further progress.

CHAPTER XLVI

Aërial Navigation at the Peace Conference—Air Terms for Germany—Creating an International Convention for the Regulation of Commercial Air Traffic in Time of Peace

AËRIAL navigation furnishes to-day the newest, most interesting, and most illuminating problem in international coöperation. A new instrumentality has appeared that obliterates former geographical obstacles, renders ancient boundaries insecure, breaks up the isolation, and threatens the safety of all nations; whole new ranges of problems are thus presented to the world.

One real achievement the Paris Peace Conference has to its credit: it laid the foundations, by drawing up the first international agreements for dealing with this complex of new problems, and it performed this difficult task in a spirit of generous coöperation which made its record at Paris unique. And, curiously enough, it was a work performed not by civilians but by military and naval officers.

One would have thought that the very novelty of the problem would have made it difficult to deal with, but the want of settled practices which introduced insuperable difficulties in other problems of international transit, such as railway traffic, here proved helpful in bringing about international coöperation. No established abuses, no jealous traditional interests, stood in the way of a frank recognition of new general principles. Moreover, it was pretty generally understood among the Allies at the start, not only that the enemy states would not

share at once in the benefits of the Convention, but that they would be allowed to engage in no aviation whatever for a long period—long enough to throw them hopelessly behind in the race for development of this brand-new means of transit. It was largely with this consideration in view, and in the expectation that here was a most important field for the development of solidarity among the Allies at Germany's expense, that France actually took an enthusiastic initiative in developing new general regulations.

The first proposal was made by the French Government at about the turn of the new year. It was made, through regular diplomatic channels, to the State Department at Washington, and was, of course, referred at once from Washington back to Paris (January 2), President Wilson having already arrived in Europe. The French proposed to convene a special conference for the adoption of Rules for Aërial Navigation, at Paris, on February 10. Although the opinion of the American Peace Commissioners at Paris was not favourable to this proposal, the State Department somehow decided to accept it; and, on February 7, Acting Secretary Polk telegraphed, appointing Rear Admiral H. S. Knapp and Major General Mason M. Patrick American delegates to this conference.

The Conference as such never assembled; for, in the meantime, Clemenceau changed his plan regarding it. The first few days of the Peace Conference served to shadow forth the importance of the rôle that expert commissions were to play in connection with it. On January 23, for example, the Council of Ten approved the British resolution for setting up the Commission on Ports, Waterways, and Railways. If this subject deserved a special commission, so did aviation—the more so since such important military, as well as commercial,

considerations were bound up in it. On the following day, January 24, Clemenceau addressed a letter to his three principal colleagues advocating a committee to deal with the subject of aviation. His proposal was to perpetuate and reorganize for this purpose the Inter-Allied Aviation Committee which had functioned during the war as an adjunct of the Supreme War Council. Since the American State Department had already approved the plan for a separate convention and made its appointments of members, President Wilson, in a letter of response to Clemenceau on February 7, stood by the earlier proposal. He wrote:

> . . . we are of the opinion that the subject is one which has no pertinency to the Peace Conference, and that in view of the many pressing matters which must be taken up by the Conference, it would be undesirable to add from the Conference any supplementary members to the Inter-Allied Aviation Committee at the present time.
>
> With respect to the second proposal, we are inclined to believe that the continuance of the Inter-Allied Aviation Committee as a permanent body might prove of value, and we agree to the proposal in principle.

Here was apparently a total difference of opinion as to method between the Americans and the French, and the decision was held in abeyance until February 12, when Lord Milner responded to Clemenceau on behalf of the British delegation. The British were in favour of the general French idea of finding some new method of dealing with air navigation, but they did not wish to perpetuate the old Inter-Allied Aviation Committee which was, of course, tied up with the military establishment and thus under the direction of the French high command. Lord Milner proposed a new commission of experts, such as that on Ports, Waterways, and Railways, to function as a part of the Peace Conference. There were to be

two representatives from each of the five great Powers and five others elected by the small powers. This commission was to consider:

(a) Aërial conditions in the preliminaries of peace and any other matters arising out of the work of the Preliminary Peace Conference, which may be referred either by the Conference itself or by the Commissions set up by the Conference.

(b) A convention in regard to International Aërial Navigation in time of peace.

Clemenceau adopted the new form of proposal, notifying President Wilson of it in a letter of the 16th, and asking him, if he found it agreeable, to delegate two representatives for the first meeting of the "new Inter-Allied Committee" on March 6.

General Patrick and Admiral Knapp were designated, on March 5, by the President to attend on behalf of the United States. Their instructions were loosely framed, for American policy on this subject was not yet clear:

On representations made by the President of the Preliminary Peace Conference as to the necessity for the creation of the Inter-Allied Aviation Committee in order that the Peace Conference may use it as a consulting organization on aeronautic questions, President Wilson has authorized participation by the United States in the said Committee.

Representatives of the great Powers (except Japan) assembled on March 6 to organize the Commission. No one knew just how matters stood. There was no definite resolution of the Peace Conference to go by, as in the case of other commissions. The French chairman, Colonel Dhé, did his best to straighten out the tangle. He got the Italians to agree to the British definition of the new body, and he informed Admiral Knapp that the originally proposed special conference was swallowed up

in the new Commission. The meeting then proceeded to frame a new statement of its name and functions on its own account. This read:

> The Aeronautical Commission shall be the Consulting Board to the Peace Conference with regard to all questions of aviation. It shall continue to exist after the war as a permanent body to which all aviation questions of international importance shall be submitted.

The renaming of the Commission completed the confusion of the American delegates. They had two different appointments to sit on two different bodies and found themselves in an organization which assumed the functions of both and bore the name of neither. They informed Secretary of State Lansing of this state of affairs in a lengthy letter of March 8, enclosing copies of all the pertinent documents, but got no reply clarifying their position.

The Commission thus brought into being was recognized by the Council of Ten on March 12 in the course of a debate which will be dealt with farther on. The first part of a resolution adopted on that day read:

> It is agreed
>
> 1. That the existing Aviation Commission consisting of two representatives each of the United States of America, the British Empire, France, Italy, and Japan, with five representatives of other States at the Conference shall be recognized and invited to consider:
>
> (a) Aërial matters arising out of the work of the Preliminary Peace Conference or referred by the Commissions set up by the Conference.
>
> (b) A convention in regard to International Aërial Navigation in time of peace.[1]

Thus were Milner's terms of reference at last put into the proper shape of a resolution, but the position of the

[1] Secret Minutes, Council of Ten, p. 17.

American delegates was not cleared up until March 17, after they had attended a second meeting of the Commission. What troubled the delegates and, indeed, the American Commission, was the very important matter of policy involved in joining a convention to work out plans of international coöperation after the war. This was a new field for America and might involve "entangling alliances." But the answer of the secretary, J. T. Grew, given next day, was: "It is the desire of the Commission that you . . . join with the other members of the Committee in an attempt to frame a convention in regard to international aërial navigation in time of peace."

On this basis the American members settled down to work with the others on the only general convention of this kind produced by any of the organs of the Peace Conference.

The whole mode of approach to this subject of aërial navigation was different from that employed in other cases. The very spirit was different and expressed the New Order rather than the Old, and this no doubt was the reason for its success. Other proposed codes of rules, such as those on freedom of transit, were regarded at the outset by many states as unwelcome infringements upon their precious rights of sovereignty. All might agree that it was good business to impose these rules without reciprocity on the enemy; and the great Powers might unite in extorting some adhesion to them from the smaller states; but no one submitted himself willingly to their operation. The Aeronautical Convention, on the other hand, was approached in a more proper spirit as a great benefit, in which it was a privilege to participate. The small and new states, instead of being dragooned by their big brothers into accepting conditions that

the big brothers refrained from swallowing themselves, joined amicably with the principal powers in framing regulations for the recognized good of all. As for the enemy, every vengeful effort was directed to keeping him out, instead of, as in other cases, driving him in after everyone else had arranged to keep out. Of course, he was to be subjected to all the obligations of the new code, and more, too, without sharing its benefits; but the others agreed to submit themselves to obligations also—though not toward him. All this was probably, as suggested above, largely due to the novelty of the subject, which could be approached on its own merits, without prejudices arising from old practices.

The first period of the new Commission's work was mainly taken up by the study of special terms for the enemy. This had to be cleared away before the great new constructive task of formulating a convention to regulate future air navigation could be attacked.

The original programme for disarmament of Germany submitted by the military and naval delegates of the Supreme War Council provided that she should be allowed no air forces whatever, that all aviation material was to be given up, and no more was to be manufactured "until the signature of the definitive Treaty of Peace." At the same time that the entire German air equipment was abolished, Germany was required to give the Allies (in Article III) full rights across her territory, as follows:

> Germany will allow to all Allied aircraft free passage through the air, free transit and right to land on her territory until complete evacuation of German territory by the troops of the Allied and Associated Powers.

There was, of course, no question of reciprocity if Germany had no aircraft of her own. Lansing, for the

United States, promptly exposed the commercial consequences of this programme. He offered no objection to depriving Germany of a military air service, or to the requirement of free passage and landing rights by the Allies. But he did object to the seizure and distribution of all existing aviation material by the Allies.

> Mr. Lansing thought that the taking over of all the property referred to in the Convention looked to him far more like the taking over of spoils of war rather than disarmament. In his opinion, if the whole of this material could not be used for commercial purposes, it should be destroyed; but, if it could be used for commercial purposes, it should be left to Germany.[1]

As for the clauses touching on commercial aviation after the war, Mr. Lansing insisted on having some definite decision as to how long Germany was to be prevented from building aircraft. Balfour supported him in his argument with the generals who asserted the impossibility of making any distinction at all between military and commercial aeronautics. Lansing and Balfour refused to let the question be smothered in this manner. Lansing even went so far as to remark that "he failed to understand why commercial aviation should not be reëstablished in Germany as soon as the Preliminary Terms of Peace were signed." This was too radical a view to be carried in any case.

The upshot of the controversy was the adoption of the resolution recognizing the Aeronautical Commission and authorizing it to proceed with the drafting of a general convention. A second part of this resolution read: "That the question of the commercial aviation to be allowed to Germany be referred to this Commission."

It was for the purpose of answering this latter question

[1] Secret Minutes, Council of Ten, March 12.

that the new Commission assembled for the second time, on March 14. A radical difference of opinion at once developed between the American delegates and the others, expressed in a report stating the disagreement and the various views expressed. There was general agreement on the proposition that "commercial aeroplanes and airships can be very easily and quickly transformed into weapons of war." The split came over the consequences to be drawn from this fact in answer to the question: "After the Treaty of Peace . . . will it be necessary to prohibit civilian aviation in Germany and all other enemy states?"

The French stood at one extreme, with their answer: "*Yes*, for twenty or thirty years." The Americans, at the other, replied: "*No*, considering all such restrictions of the entire flying activity of Germany and her allies after the signature of the Treaty of Peace to be neither wise nor practicable." The British took a position in between, agreeing with the French that some period of prohibition was needed in order "to dissipate the very extensive air industry now existing in Germany," but estimating that period at only "from two to five years."[1] It was generally agreed that the article relating to the future of commercial aviation should be struck out, pending further consideration of the problem; but all except the Americans concurred in recommending that the prohibition on manufacture be extended "after the signature of the Treaty of Peace during a period to be fixed by the Treaty of Peace."

This last proposition became the centre of debate in the Council of Ten on March 17. President Wilson, who had now just returned from America, attacked it, restating his often-expressed opinion that it was impossible

[1]See Chapter XXIII, Volume I.

to suppress everything that might be adapted to use in war. The proposed clause was, therefore, dropped, still leaving a prohibition on manufacture lasting for the period between preliminary and final treaties. The article on surrender of existing material was amended, at Wilson's suggestion, to cover "all items . . . which are or have been in use or designed for military or naval aeronautical purposes." The article requiring Germany to grant transit and landing rights without reciprocity until the complete evacuation of her territory was allowed to stand.

The main decision of this meeting carried the implication that the development of civilian aviation in Germany would be left entirely free after signature of the final Treaty of Peace. The European members of the Aëronautical Commission were terribly dissatisfied with this decision and looked about for means of getting round it, if it could not be reversed. Long discussions took place in the Aëronautical Commission, with the French and the British demanding continued control or prohibition of German aviation; and the Americans, in general, opposing or attempting to modify the allied demands, finally expressing their attitude in a general reservation, asserting that they "do not wish in any way to bind the United States separately or in concert with any other country to adopt any one or the whole of these measures."

It is not to be doubted that the tempering arguments of the Americans served to cut down the period of control of German aviation, far short of the demands of the French. The final article (201) in the Treaty reads:

> During the six months following the coming into force of the present Treaty, the manufacture and importation of aircraft, parts of aircraft, engines for aircraft and parts of engines for aircraft, shall be forbidden in all German territory.

A similar struggle took place regarding the freedom of passage and landing of allied aircraft in Germany—without giving Germany reciprocal rights of passage or landing in allied countries. After much discussion the Aëronautical Commission made a proposed draft of seven articles, which came before the Council of Foreign Ministers (the "Five") on April 23 and again on the 26th. These articles stipulated free passage, landing, and use of aërodromes by allied flyers on the same terms as German nationals, recognition of all papers issued by allied governments, and most-favoured-nation treatment commercially. Germany was bound to compel her aircraft to observe certain rules to be laid down in the general Aëronautical Convention, and finally, all these obligations were to endure, without reciprocal treatment, "until such time as Germany [is admitted either to the League of Nations or] by consent of the Allied and Associated States, is permitted to adhere to the Convention relating to International Air Navigation made by the latter States."

On April 26 Lansing opened a fierce attack upon these measures in general and in particular, first, on the ground that "there was no reciprocity about them." But, as Pichon pointed out, this was not sufficient ground for excluding them since many non-reciprocal obligations were being imposed. Lansing countered this by insisting, as the Americans did in every case, that a definite time limit be set. He objected to both the alternative limits stated as quite indefinite. The first, he said, would not do at all, since Germany's admission to the League "would depend upon the assent of her economic rivals, who would necessarily be opposed to her obtaining any aërial commercial privileges." The second alternative suffered from the same defect, so long as permission to adhere to

the Convention depended on the consent of the allied and associated powers; and Lansing also stressed the point that the Convention, as so far drafted, did not contain any provisions at all for the adhesion of enemy states. A British officer present admitted that this had been arranged purposely, since the Council had rejected the Commission's proposals for suppressing German aviation entirely over a considerable period.

"Consequently," he stated frankly, "in order to keep some control over German aircraft activity for a period of time, the exclusion of Germany from the Convention had been contemplated." The agreement as framed, he continued, "would have the effect of placing Germany [inside] a ring fence. That is to say, she would not be able to fly outside her own frontiers." This was, of course, harsh, but not more so than other disabilities being inflicted on the enemy; Lansing fell back upon his insistence that a definite time limit be fixed. He proposed January 1, 1923, unless Germany should meanwhile be permitted to adhere to the general convention. This was accepted, leaving Germany free after that date to revoke all the rights stipulated, unless they are prolonged by further agreements, which would necessarily have to be on a reciprocal basis. This freedom is, in fact, annulled, however, by the little joker in Article 200, which Lansing overlooked. Although included under the military terms, its provisions are not specifically limited to military aircraft. When originally explained by General Duval in the Council of Ten, on March 12, it was stated to cover among other things, "postal communication with Bohemia." An interesting case may be made on the basis of it if Germany strikes for aërial rights in 1923.

Lansing procured one other alteration in the draft articles. He pointed out that the unrestricted rights

given to allied aircraft opened up opportunities for smuggling which Germany would be powerless to check. To meet this objection, a new article was inserted, requiring the observance of "such necessary regulation as Germany may impose in the interests of her own municipal legislation."

The articles, thus amended and increased in number to eight, were finally included in the Treaty as a special section (Part XI) entitled "Aërial Navigation." They define the rights of the Allies without giving Germany any in return. When they lapse, Germany will have the right to exclude allied aircraft entirely, unless agreements are reached giving her equal rights. When this point is reached, it will doubtless be found that the simplest way out is to admit Germany to the General Aëronautical Convention. The final accomplishment of Lansing, in the session of April 26, was the putting through of an instruction to the Aëronautical Commission to include in that convention provisions for the adhesion of enemy countries. Thus was cleaned up the matter of aërial navigation in relation to enemy states. The clauses on the subject in the other treaties are identical with those in the Treaty of Versailles.

The Convention itself, in attacking the constructive side of its task, as has been said, encountered no such obstacles as those which wrecked all similar projects in related fields. Progress in drafting it was delayed by the necessity of putting in time on the provisions for the Treaty of Peace, but otherwise went on quite smoothly. New and difficult as the task appeared, the Commission was not venturing into entirely unexplored territory. Much useful spade work had been done on the ground by previous less formal international gatherings of experts, (particularly at Paris in 1910), and by various govern-

ments in framing internal legislation. These attempts were recommended as guides at the first meeting of the Commission. At the same meeting, Colonel Dhé proposed a comprehensive list of questions to be covered. The essential unity of opinion existing, despite the complexity of the subject, is illustrated by the substantial identity of the draft projects submitted by the various delegations. Many points are common to all; and, while each contains points not found in the others, there are no evident contradictions. They supplement each other, rather than conflict. The approach seemed to have been more genuinely constructive and less affected by temporary political or other considerations than almost any other proposal submitted to the Peace Conference. On this basis, rapid progress was to be expected.

The attitude of the Americans is worthy of note. Although the chiefs of the American delegation were little interested in this work, our members on the Commission, General Patrick and Admiral Knapp, put their hearts into the job and did their best to coöperate usefully. Their draft furnished many of the articles finally incorporated in the Convention.[1] The characteristic national jealousy of sovereign rights stands out in their work in only one respect. They were willing to have our government bind itself in various specific ways, but insisted that it must remain the final judge of the applicability of these regulations in extreme cases. The first article of their draft required recognition of "the full and absolute sovereignty and jurisdiction of every State in the air space above its territory and territorial waters." The rights of the state safeguarded by this clause were defined in a second article as "the right . . . to establish such regulations and restrictions as appear to . . . be

[1]See Volume III, Document 61, for full text of American draft.

necessary in order to guarantee its own security and that of the lives and property of its inhabitants, and its right to exercise such jurisdiction and supervision as will secure observance of its municipal legislation."

This principle of sovereignty was recognized by the Commission in its third meeting, on March 17.

The purpose of that meeting (of the 17th) was to frame a set of general principles for the guidance of the sub-committees in their work of drafting the articles in detail. The principle of the American articles referred to was accepted, but specially referred to the commercial and legal sub-committee for detailed examination. The same action was taken with regard to a British proposal that all national legislation on aëronautical matters be subject to the principle of "absence of all discrimination on the ground of nationality." With an eye to our discriminatory legislation on immigration, Admiral Knapp insisted that "customs, immigration, and health inspection" must remain outside the application of this principle. An Italian proposal for an international air police force was not adopted.

It seems to have been pretty generally understood from the beginning that the states recognizing the code of rules embodied in the Convention would constitute an exclusive association. Both the French and the American drafts provided that aircraft of other states should not be allowed to fly over the territory of contracting states. The simple explanation of this exclusion is that it would be unsafe to admit machines which did not follow the recognized rules of the air. But, obviously, it bore hard on states which were not contracting parties—like Germany, for the time being.

The general interest demanded that some provision be made for the admission of other states to the happy family.

The French draft provided that other states should be allowed to adhere by unanimous consent of the contracting parties. But in making the first common draft, it was decided to accomplish the purpose of this provision more simply by permitting "Powers which have not taken part in the present war" to adhere by simple declaration. This left the enemy powers out entirely: their admission would require revision by common consent. This was the provision ordered to be altered by the Council of Five, on April 26, as explained above. The alteration finally resulted in a new article providing that states "which took part in the present war but did not take part in the negotiation of this Convention" might be permitted to adhere before January 1, 1923, only by unanimous vote of signatory and adhering states, or if already admitted to the League of Nations; if not so admitted they might be admitted anyhow, after that date, by three fourths of the votes cast under a complicated system whereby a permanent majority of one was assured to the five principal powers.

While all the to-do was going on with respect to the aeronautical terms of peace, work on the General Convention was going steadily forward. It was carried on mostly in the legal and technical sub-committees, of which the former drafted the Convention proper, and the latter, the annexes of detailed or technical provisions, as follows:

a. The Marking of Aircraft.
b. Certificates of Airworthiness.
c. Log Books.
d. Rules as to Lights and Signals. Rules of the Air.
e. Minimum Qualifications for Obtaining Certificates as Pilots and Navigators.
f. International Aeronautical Maps and Ground Markings.

g. Collection and Dissemination of Meteorological Information.

h. Customs. (Regulations for control as to tariffs. Americans reserved on this as not properly belonging to the Convention.)

It is not possible to go fully into the terms of the final instrument—much less into the processes by which they were worked out. Suffice it to say that the resulting document is, on the whole, an intelligent, progressive, adequate instrument—an admirable example of what can be done in the way of international handling of a difficult problem when approached in the proper spirit.

Certain passages from the report of the Legal, Commercial, and Financial Sub-Committee to the main Commission indicate the generous and coöperative spirit in which the work was undertaken. The principle of complete sovereignty of the air insisted on by the Americans was reconciled with the convention project as a whole by the formula: "each contracting State after recognizing that each such State possesses complete and exclusive sovereignty in the air space above its territory, undertakes to grant in time of peace the freedom of innocent passage to the aircraft of the other contracting States, provided that the conditions established in the Convention are observed." This freedom of passage is accorded in Article 2 of the final text. A generally enlightened point of view, regrettably absent in the Ports, Waterways, and Railways Commission, is expressed in the statement:

> The wish to encourage the development of international aërial navigation led the Sub-Committee to accord to foreign aircraft . . . the right of flying over from frontier to frontier without compulsory landing.

This straightforward recognition of the principle of freedom of transit by air is embodied in Article 15 of the

Convention. Consider also the forward-looking sentiments expressed in regard to the permanent international commission set up by Article 35. The report runs:

> In order to permit the Aeronautic Union thus formed among the contracting States to follow without delay the technical progress of a method of transport constantly undergoing improvement, by means of an elastic convention in constant contact with the new conditions of technical industry, the Sub-Committee believed that it was wise to propose the formation of an International Commission for Aërial Navigation, entrusted with the duty not only of receiving the proposals of each of the contracting States or of making proposals with the object of changing the provisions of the present Convention, but also of collecting and publishing . . . every kind of information concerning wireless telegraphy, meteorology, medical science, etc., of interest to aërial navigation.

This commission was finally given a number of positive functions of a technical nature and the direct power to amend the technical annexes of the Convention. It was made in its field, in short, an international body—a super Inter-State Commerce Commission—of the sort demanded by the intricate and intimate community of interests created by the development of the agencies of modern civilization. No other commission at Paris reached any such breadth of view.

One of the powers given the international commission is that of deciding disputes relating to the technical regulations annexed to the Convention. For disputes over the interpretation of the Convention itself, the only recourse at first provided was to arbitration, according to a defined method of procedure. This was altered in the latter part of May through the intervention of Lord Robert Cecil, who was disturbed to find that no connection had been established on either side between the aëronautical organization and the League of Nations. He secured a

change in the article on Disagreements by which they are to be referred to the Permanent Court of International Justice—the arbitral procedure to be employed only until that court is established.

Cecil was also responsible for the insertion in the article on the Permanent Commission of a clause providing that it should be instituted "as part of the organization of the League of Nations." This feature of the Convention was not strictly observed. The Permanent Commission has been set up by the ratifying states without any connection between it and the League. Only now are steps being taken to establish such a connection. The League has also in view certain further action toward "the coördination of commercial private law regarding air traffic."

The Aëronautical Convention, although completed in July, 1919, was not signed until the following year. The American Ambassador at Paris signed it with reservations, but the Administration has never submitted it to the Senate for ratification. The European states have, nevertheless, gone ahead, and on July 11, 1922, held their first formal convention attended by representatives of fifteen nations, not including the United States. Probably our abstention is due to the clauses connecting the Permanent Commission with the League. Also we have as yet no national legislation on the subject, so are hardly prepared for a treaty imposing such.

CHAPTER XLVII

The Problem of World Communication at Paris—Struggle for Control of the Former German Ocean Cables—The Divided Policy of America

IN ONE important particular the United States discovered at Paris that she was among the weakest and most dependent of the great Powers. This was in her control of world facilities of communication, chiefly ocean cables. The World War had totally broken down, or disorganized, the Old World system in which the German Empire, with many important cable lines, formed an important link. With no great development of her own, America had profited in the past by the rivalries of other powers. But with the allied victory, Germany had disappeared as a factor in world communication; the old balance was destroyed; and most of her cable lines were in the actual possession of Great Britain, which thus became the dominant world power, with a control approaching monopoly of international communication so far as cables were concerned. With American business newly and buoyantly seeking to improve the opportunities of foreign trade presented by the war, and with a merchant marine far greater than the nation had ever before possessed to do its carrying, the control of one of the most vital links in international trade—communications—by America's greatest trade rival, Great Britain, became a vitally serious problem.

It has been said, in a former chapter, that one of the

chief reasons why America failed to have any comprehensive or constructive programme for the economic settlements at Paris (as she had for the political settlements) was that she was conscious of having so few deep-seated or vital economic interests in those settlements. "She wanted nothing for herself," as the President had said. She was rich, powerful, largely self-sufficient, unafraid. But in this comparatively minor, but really most important, matter of cable control (as in the struggle to keep a share of the German ships) America did have a direct, immediate economic interest;[1] and here, it is significant, she reacted exactly as did the British in their comprehensive plans for the future coöperative control of the waterways of continental Europe, with a proposal for a true coöperative internationalization of communication which would benefit, not one nation only, but all the world. It was the only broadly international economic proposal offered by the Americans at Paris. And in this proposal, it is significant also, the Americans were opposed and finally outmanœuvred by the British. For the Americans wanted international coöperation where it would help them, and the British wanted it where it would help them; and each either opposed or was apathetic toward the coöperative proposals of the other—at least, in the economic field. It was one of the greatest games at Paris, for each nation to attempt to force coöperation upon all the others! And the true spirit of coöperation, which begins with willingness to sacrifice something and sacrifice first,[2] was notably absent from all the schemes offered at

[1]And, incidentally, a territorial interest, the only one argued by Americans at Paris, in the future of the minute Pacific island of Yap, for Yap was an important cable-landing.

[2]It was the positive American offer, by Secretary Hughes, at the beginning of the Washington Conference on Limitation of Armament, in November, 1921, to sacrifice American naval armament and sacrifice it first that electrified the world and gave tone to the entire Conference. It was the one great breath of life and reality at Washington.

Paris except that of President Wilson for a league of nations, where it was truly present. For President Wilson in effect made the great offer to sacrifice American isolation and to help positively to guarantee world peace in return for genuine international political coöperation (he knew well that Article X was the "heart of the Covenant"!)—and his nation refused to support him even there.

Consider the American situation regarding world communications more closely.

Not having taken a prominent part in the imperialistic trade rivalries of the past century, our country had not gone in for cable development on a broad scale. Such ventures as our business men had made into the cable field had been as isolated profit-making propositions.[1] They have been content usually to link up with the extensive systems of other countries at the nearest points, or even to allow these connections to be made by the other countries with a view to the exploitation of American business. The result was stated in a cablegram from Postmaster-General Burleson to President Wilson, March 14, 1919:[2]

> Our ships and merchant marine now have to depend upon the courtesy of foreign-controlled means of communication to get home connections. The world system of international electric communication has been built up in order to connect the old world commercial centres

[1] In the Council of Ten, May 2, Balfour made much of the fact that, of thirteen cables between the United States and England, seven were owned by American companies and the other six were leased by them from their British owners—who had been forced to give them up by "freeze-out" discrimination in land rates on the part of American telegraph companies. This seems to reverse the situation, but it does so only so far as disposal of the profits is concerned. The fact might also be of importance as affecting trade simply between England and America. But as for the trade of the world at large, it placed British domination only one step further removed. All value of the Anglo-American cables for this purpose depended upon obtaining connections through England; and there the British retained the whip hand.

[2] See Volume III, Document 62, for full text of this important cablegram.

with that world business. The United States is connected on one side only.

This was all very well, so long as we were content with isolation and played a passive rôle in foreign commerce. But we were proposing after the war to assume a new and active rôle, with a great merchant fleet of our own. We should be badly handicapped by finding most of our cable communications controlled by our rivals.

This situation was also dwelt upon by Walter S. Rogers, Communications Expert of the American Commission to Negotiate Peace, in a letter to the President on May 2:

> Speaking generally [he wrote] it is true that the British cable companies dominate the cable business. . . . The American-operated transatlantic cables could not live a day except for their arrangements with the British Government telegraph system for the interchange of business.

This domination by Great Britain had been increased as a result of the war. The two cables connecting Germany with the United States had been cut, and one of them utilized in establishing a new connection between England and Canada. And the whole situation was greatly aggravated by the continuance of wartime censorship. Burleson, in the cablegram already referred to, called the President's attention to an article from the London *Standard* urging that governmental control of cable messages be maintained for some time to come. The reason frankly stated was that "it gives power to survey the trade of the world and as a result of that survey to facilitate those activities which are to the interest [of the Allies] and impede those which are not." American business men were quite convinced that this power was being used freely to their detriment and to the advantage

of British rivals. This superior position of the British during the period of readjustment of world trade was immensely valuable. And it placed the American effort at commercial development under a tremendous handicap.

The situation in the Pacific was about as bad. The cable system in that region is inadequately developed, owing to hesitation on the part of each power having possessions there to letting its lines touch the possessions of other powers and so be subject to control or interruption. Moreover, British and Danish companies hold a monopoly on Chinese external cable communications running until 1931, which they exploit through their three fourths interest in the only Pacific cable running from the United States. In view of the sparseness of connections, the control of the former German cables radiating from Yap, and connected with the American line at Guam, is of vast importance. And the island of Yap itself was by way of going to Japan.

Confronted by this situation, what was America to do?

Here were problems of the highest importance not only to America but to the whole progress of civilization. Upon their proper settlement rested in large measure the future conduct of world business and the spread of world news, upon which, as upon a rock, rests the structure of a New World public opinion.

Two courses were open to the Peace Conference and to America: one was, frankly, a kind of imperialism in communications, a scramble by each nation for cables, telegraphic and telephonic control, and the use of those powerful instrumentalities for purely selfish nationalistic purposes. The immediate and vital problem presented at Paris was the distribution of the captured German cables, but it raised the entire complex of questions cen-

tring around the control of international communication.

The other course was a comprehensive coöperative scheme by which these instrumentalities of human civilization should be internationalized and used for the equal benefit of all nations and all people. The somewhat confused record of the American approach to this problem at Paris will be found highly illuminating.

Of course, this whole problem of international communication, of which cable control is one of the aspects, is by no means new. A gradual enlightenment concerning it, forced by having to meet the difficulties involved, has long been developing, and continual and persistent efforts at international coöperation have been going on for half a century.

Thus, when the World War burst upon the world, it broke down a network of most valuable coöperative arrangements which had been patiently worked out through many years. For war resolves nations into their original anarchic state of individualism and utterly destroys these delicate out-reachings toward a better regulated civilization.

The best example of what had been and could be done in these new fields is furnished, of course, by the International Postal Union, which dates from 1874. This started on a large, intelligent, and practical scale and has continued to develop and to function efficiently ever since. The convention which forms its charter of existence (framed at Paris, 1878) is a model of the sort of thing toward which the world must strive if the blessings of civilization are not to become curses through the stupid rivalries of nations. All countries belonging to the Union are declared to form "a single postal territory for the reciprocal exchange of correspondence." Elsewhere it is

declared—with reference, of course, only to the purposes of the Convention—that "freedom of transit is guaranteed in the entire territory of the Union." This is the proper thing; and it is so easy to do when nations make up their minds to go ahead with it! Uniform rates of postage and of payment for the transportation of mails were fixed, and a system of international postal money orders was established. All these matters are adjusted by international conferences, regular (every five years) or special (on call as provided). There is a permanent bureau at Berne for such matters as the dissemination of information and for rendering opinions on doubtful subjects.

Although the World War disrupted this system, its advantages and blessings were so evident that the Peace Conference made haste to restore the basic conventions. The Conference not only did this practically without discussion or objection, but the articles in the treaty with Germany (Articles 283 and 284) even broaden former arrangements by providing for the adhesion of new states. "Freedom of Communications" is also included in the Covenant of the League of Nations (Article 23 e) as one of the things for which the united nations are to strive in the future. Article 24 of the Covenant also provides for placing this with all other international bureaux under the direction of the League of Nations but only when "the parties to such treaties consent." And the United States has never consented!

Similar conventions and regulations existed and were revised in the case of telegraphs and telephones. Arrangements in regard to these services were facilitated in Europe by the fact that they were absorbed by the governments and assimilated with the postal service. Such matters as connections, charges, and the furnishing of through service were all provided for. Nevertheless, it

was deemed necessary to include certain special clauses on this subject in the treaties of peace and the special treaties with new states. Thus, in the latter group of treaties, the provisions regarding freedom of transit were extended to cover telegraphic and telephonic services, as well as postal. A special article in the Austrian and Hungarian treaties provided for the construction of trunk telegraph and telephone lines across these states as required by Czechoslovakia, owing to her peculiar geographic conformation. Nothing could better illustrate the inevitability of such coöperation, if the world is to remain civilized, than the swift return, after the war, to these arrangements and even their extensions where necessary.

But when it came to the special problem of cables, where men had not yet been forced to recognize the equally absolute need of coöperation, all was chaos. Unimaginative nationalistic rivalry here held sway. Cables had been regarded from the first as an important factor in the development of modern imperialism—closely related to the factors of naval, commercial, and colonial power. Thus, each great imperialistic nation endeavoured to make itself independent in respect of cable facilities, as it did in respect of sources of raw material, markets for finished products, shipping for transportation, and naval strength to protect its interests. Each sought to become independent of the use of facilities which it did not control, and to prevent its rivals from attaining the same independence and freedom. Cables were laid with an eye to the service of particular systems of naval, commercial, and colonial development, rather than to the maximum usefulness for the world at large. Exchanges of business were grudgingly arranged on hard and discriminatory terms. One of the most valued of foreign concessions was that of exclusive cable landing rights, and such concessions

were obtained by competing great Powers in many parts of the world—where not for immediate positive use, at least for the purpose of excluding rivals.[1]

What, then, was the proper course for Americans to pursue?

We could, of course, jump into the game of imperialistic rivalries and build a complete new cable system of our own. But here we are already handicapped and distanced. Landing rights are now tied up at many essential points, such as the Azores, and in China. We should also have to build from the ground up; for, having allowed the industry to go to Great Britain and Germany, we possess neither adequate plants for manufacturing cables nor ships to lay them. For these purposes, with prospects of profit so distant, private capital would be hard to find. Of course, we might strike, at the Peace Conference, for a share of the German cables in a general partition, as we did in the case of the German ships. But such a policy would avail us little. In the first place, we did not have on our side the nine points of possession which helped us to obtain a share of the ships. In the second place, we should be but little better off if we got all the German cables; while a share—say, one or two lines—would be completely inadequate to our needs as a rival to such a mighty commercial power as Great Britain.

When the problem of the German cables arose at Paris, it appeared that there was to be, just as in the case of the German colonies, a general and bitter game of grab. In

[1]Thus a bitter controversy recently developed over the landing of a cable at Miami, Florida, by the Western Union Telegraph Company, because it connected up with the British-owned cable company which has a monopoly on the coastal communications of Brazil, preventing the All-American Cable Company, controlled by American citizens, from laying its lines from one Brazilian port to another, so that it must lay separate cables from the outside to all the landing stations it desired to reach. In retaliation the American Government was preventing the landing at Miami. In these foolish rivalries the development of important and necessary lines of communication was blocked.

this, also as in the case of the colonies, America refused to take any part. She was not only opposed to it in principle, but it would not, as already pointed out, really serve her interests. At first she seemed confused as to what to do; there was no programme well thought out and adopted as the policy of the nation. It was a comparatively minor matter when compared with the other stupendous problems of the Peace Conference and President Wilson had never given it, until he reached Paris, any fundamental consideration.

Two widely different American policies therefore developed. The same differences had weakened and confused the American attitude upon many greater problems, but in no one of them is the double-mindedness better illustrated than it is here.

First: there was the unimaginative, legalistic, negative position of Secretary Lansing. We were to prevent grabbing entirely; we were to argue the old international laws, which the war had utterly broken down, as sanctions for returning to the *status quo ante*—and even of restoring the captured cables to Germany. Secretary Lansing valiantly argued this position, as will be shown, although there was, from the beginning, about as little chance of wresting the control of these enormously valuable cables from their captors as there was of returning the German ships or the German colonies.

Second: there was the programme of those Americans who saw the realities of the cable situation in the light of the New World situation, who had vision, and a new and constructive policy of action. They saw that the Old World and the old rivalries, which Lansing was feebly seeking to restore, were gone forever. There must either be a new and gigantic war of communications, chiefly between Great Britain and America, or else a world coöpera-

tive arrangement, like that already intelligently existing in the International Postal Union and other like organizations. The sponsors of this new programme, it is significant, were the men who knew most about the whole subject of communications and were most alive to the real interests of America in that connection: Postmaster-General Burleson, and Walter S. Rogers, Communications Expert of the American Delegation. Thus the Postmaster-General concluded his argument regarding cable control:

> There should be an international comity or reciprocal arrangement by which the electric carriers of communication should have under proper regulation the same rights that citizens, ships, mails, and parcels have of landing and transit.

The most important and influential memorandum on this subject was submitted by Mr. Rogers to the President on February 12. This document, which deals also with radio-telegraphy, will be frequently referred to in the following paragraphs.[1]

Rogers suggested a comprehensive programme to be worked out as a feature of the League of Nations. He would have all members agree to abolish discrimination in rates and exclusive landing rights concessions, and to grant free exchange of business, the establishment of inland extensions of cables, and freedom of transit for messages without scrutiny or interference. He even suggested "that the important cables of the world be internationalized and put under the control of the League."

Here was a constructive, coöperative programme which, by best serving the interests and welfare of all nations, would also best serve those of America.

Here were the two American approaches to the prob-

[1] See Volume III, Document 63, for full text.

lem. It is most unfortunate that the discussion of the cables question should have been precipitated during the month, so unfortunate to the American cause in many other ways, while the President was absent in America. It was therefore handled by Lansing; and there being no declared American policy at that time, his negative and legalistic method of approach gave a turn and tone to the discussion which the later vigorous advocacy by the President of the new coöperative programme suggested by Rogers and Burleson was never able to overcome. Here the President's weakness in trying to settle everything himself is clearly manifest. One mind could not do it all! If he had had time in the beginning to study the whole subject carefully and lay down for the whole Commission the policy he later adopted and advocated in the Four—but too late!—the results might have been different.

Consider what actually happened. The discussion of cable policy began on March 6, nine days before the President's return. The Ten had taken under consideration a clause in the military and naval draft terms of peace providing that the German-owned cables "shall not be returned to Germany." Admiral Benson had disagreed with this clause from the first, and he and Lansing now attacked it. The purport of this article was obvious enough. Once title to the cables was lost by Germany, it would pass almost inevitably to the powers which had obtained control of them. And the last state of American business would be worse than the first. Better the divided control, shared in by Germany, which existed before the war, than a practical monopoly of Great Britain.

Lansing's first efforts were directed toward establishing a special status for cables considered as property. He

and Benson differed from the British and French representatives on the question as to whether cables were subject to capture as prizes of war. By getting this question referred to a special committee of jurists, they at least deferred a settlement against American interests. All the experts could do was differ anew and refer their conflicting opinions back to the Council, which they did on the 24th. The Italian expert, as was to be expected, sided with the American against the others.

In the discussion that followed, Balfour alone went to the root of the matter. He did not shrink from propounding the question:

> Ought world arrangements to be made for the regulation of submarine cables?

But he answered it in the manner in which Americans were given to answering similar questions on other economic subjects—possibly, but not here and now. The same man who later displayed such enthusiasm for immediate international regulation of inland waterways as a means "to rebuild the world" now stated:

> He did not wish to make any pronouncement in regard to the regulation of cables throughout the world. That world-problem could not be discussed during the present conferences, and the consideration of that question would have to be postponed to a more favourable occasion.

With regard to the business in hand, he simply maintained that "the Allied and Associated Governments had a right to appropriate cables in exactly the same manner as ships captured at sea."

Unfortunately, Wilson, now returned to Paris, had not yet had time to give the whole problem a thorough examination and followed for the moment the legalistic turn given by Lansing to the American argument, instead

of plunging into the bold proposition indicated by Balfour. Wilson, however, did have the courage to assert that, in view of what was expected from Germany in the way of reparation, "the question of the ownership of the cables must also be looked at from the German trade point of view." But this was an argument which could only cause his colleagues to raise their eyebrows.

The meeting ended by adopting a most astute resolution proposed by Balfour for the guidance of the drafting committee:

> The Treaty of Peace should not debar Germany from repairing at her own expense the submarine cables cut by Allied and Associated Powers during the War, nor from replacing at her own expense any parts which have been cut out from such cables, or which, without having been cut, are now in use by any of those Powers.

As the last clauses covered all but a few derelict stumps of cables, the real meaning of this resolution was that Germany would be free to replace her cable system by an entirely new one.

At last Lansing plumped the solution which he said he and Wilson had agreed upon that same day. It was simply that "these cables were German property which would revert to their owners." Such was the conclusion to which Lansing's train of reasoning naturally led. Here was a proposition, backed by strong arguments from international law, for meeting an emergency in which American interests were at stake. It was inadequate to the demands of those interests, but acceptable as an alternative to something worse. A divided control is more easily shaken than a monopoly. Finally, this negative plan did not necessarily prevent the acceptance, later, of the broad coöperative programme suggested by Rogers and Burleson.

Of course, Lansing's proposal was not adopted by the

Council of Five. The question was too grave for them to handle and was referred, as Lansing suggested from the first, to the Heads of States.

At the close of the meeting, however, Lansing raised an important side issue in connection with American cable interests. A question he would like to have discussed later, he said, was "whether in the interest of cable communication it would not be desirable that the Island of Yap be internationalized, and administered by an international commission in control of the cable lines." The chief obstacle in its way was the claim of the Japanese to the island, on which they were very firm. The question was passed over for the moment; but on April 21 it was raised again by the President in the Council of Four. He then said, in reporting a conference with the Japanese: "he had, at the same time, reminded the Japanese delegates that it had been understood that Japan was to have a mandate for the islands in the north Pacific although he had made a reserve in the case of the Island of Yap, which he himself considered should be international."

By this time the whole problem had grown so tangled and so many interests appeared—for now the Japanese, alarmed about their claims in the Pacific, demanded to be heard—that the President determined, as he did in several other instances at Paris (notably in connection with the problem of Fiume) to clear the decks and go to the bottom of the question. He therefore consulted his experts, Admiral Benson and Rogers, considered Burleson's recommendation, and came to the meeting of the Council of Four on May 1 with a new, strong, clear policy, very different from that of Lansing. While reasserting Lansing's contention that "Yap should not . . . fall into the hands of one Power," he set forth vigorously the new ideas:

"If any method could be devised," he said, "to put the cable systems under International control he would be quite satisfied; but it seemed to him a very serious matter that all Powers should not have a common interest in them. He thought a satisfactory solution would be reached, if the enemy cables could be turned over to the Allied and Associated Governments as trustees, and managed under the terms of an International Convention." Later on, he put it that these powers "would be authorized to determine the future working of the cables in the interests of the Powers concerned." What he especially wanted to avoid was that "these cables should remain exclusively in the hands of those who had taken them over." The grounds of his objection were obvious —"Should a decision to that effect be taken, that might prejudge any ulterior arrangements, whereas, in his opinion, the Treaty of Peace ought to leave the question open."

Even Admiral de Bon, the French expert, was willing to accept this proposal in its immediate sense, though he maintained that the Conference should confine itself to depriving Germany of the cables, leaving matters as they stood, subject to further study. "It would be unnecessary," he concluded, "to make any statement in the Peace Treaty in regard to the future policy of the Allied and Associated Governments on the subject of control of cables."

Baron Makino took a stand frankly against all subterfuges, all temporizing with the question. He wanted the cables simply appropriated by their holders, as was being done with so much German property, in disregard of international law. He coolly declared: "the Allied and Associated Governments had, in his opinion, gone very far in taking over German rights and much further than

had ever been done heretofore. In his opinion, the same procedure could therefore well be followed in regard to cables."

But Wilson stood by his proposal. He did so, "firstly," he said, "because he thought it was right, and, secondly, because he thought it afforded a solution in the general interest, which would have the effect of creating a solidarity amongst the Allied Powers." He declared his intention of bringing in a draft resolution on the subject next day.

It will be noticed that the President's actual proposal for international control involved only the German cables; but his statements clearly hinted at an intention that this coöperation should become the nucleus of a much more comprehensive scheme. This was a more practical, if slower, way of getting at the problem than laying down a project for an immediate general convention after the example of that being drafted on aërial navigation. Such a gradual course of conduct was dictated by Wilson's reluctance to make commitments on economic questions or to try and force too many things on the American people at once. Rogers approved of the programme in a letter of May 2, but he concluded: "In any event it should now be decided to hold later in the year an international conference to deal with the entire subject of international communication by telephone, telegraph, cable, and radio."[1] This was postponing the main issue, but on terms a good deal more definite than those on which freedom of transit and commercial equality were disposed of—a vague sub-clause in the Covenant.

That same evening, May 2, Wilson laid his complete proposal before the Council. Its first paragraph called simply for the surrender of all the German cables to the

[1]See Volume III, Document 64, for text of this letter.

allied and associated powers "jointly." The remaining two paragraphs read:

> That the Five Allied and Associated Powers shall jointly hold these cables together with any rights or privileges pertaining thereto for common agreement as to the best system of administration and control, and
>
> That the Five Allied and Associated Powers shall call as soon as possible an International Congress to consider and report on all international aspects of telegraph, cable and radio communication, with a view to providing the entire world with adequate communication facilities on a fair, equitable basis.

But here the British came at once into opposition. If national interest on the part of the Americans had been the great factor in prompting them to suggest a new scheme of international coöperation, so national interest impelled the British to take the contrary course. The usual situation in such questions was reversed: the Americans pressed forward, the British held back and were supported by Japan and France, while Italy, though naturally disposed to favour it, was too preoccupied with other matters to give it much attention.

And the British, of course, could easily point out many lions in the way of the President's proposal. Balfour made a very telling criticism to the effect that if the United States were to participate effectively in any international system, it must first get control of its great private telegraph companies, just as the European nations had done. He also called attention to the fact that no country could be held to international agreements on cables in time of war. Finally, he argued that no amount of regulation could deprive a country of the right to favour its own imperial system in the laying of cables and the regulation of rates.

With respect to the last two points, President Wilson

"fully agreed that it would be impossible to interfere with sovereign rights." But, touching on the first point, he said: "In regard to the question of rates and monopolies he agreed that at the present moment the proposals contained in his draft resolutions would merely be applied to a small number of cables; but he thought means might eventually be devised to break down the existing high rates."

But all Wilson's arguments could not save the immediate aspects of his proposition. He had to accept amendments by Balfour, deleting the word "jointly" from the first paragraph of his resolution and substituting a second, reading:

> These cables shall continue to be worked as at present without prejudice to any decision as to their future status which may be reached by the five Allied and Associated Powers.

A new draft, embodying this formula in somewhat amended form was finally approved. Only the Japanese secured the exclusion of the Tsingtao cables, "since," as Chinda stated, "it had already been agreed by the Council of Four that those cables were to be renounced by Germany in favour of Japan."

At another meeting next day, it was agreed that only the first paragraph of the resolution, that requiring surrender of the cables, need be included in the Treaty of Peace. It was also decided that the value of the cables should be credited to the reparation account. These provisions then became Annex VII of the Reparation Clauses.

The prospects of success for the American plan of international control of cables were thus badly dimmed. The German lines were not definitely assigned in ownership to particular powers; but the maintenance of existing controls and the invocation of the principle of reparation

render their distribution among the Allies practically permanent. We do not share in that distribution. The entering wedge to general coöperation is thereby lost. Existing monopoly systems are reinforced; and the whole proposition of international control is crippled.

The final paragraph of Wilson's resolution still stood, it is true. The allied and associated powers remained bound to call a congress on the subject. This obligation was supplemented by Article 23 e of the Covenant. Some preliminary discussions have been held in the past two years, looking to the formation of a new union on the model of the Postal, but British imperial interests and the private ownership of the telegraph and cable systems of America stand like great rocks in the path of progress. Can America nerve herself to sacrifice competition in cable and telegraph lines in order to get the international coöperation essential to successful competition in foreign trade?

The American proposition for a general agreement on electrical communications included, of course, the comparatively new instrumentality of radio-telegraphy. Radio-telephony, a still more recent development, was not mentioned at the time, but comes undoubtedly within the scope of the project. Here are new agencies opening up tremendous possibilities. They had not altogether escaped international regulation before the war. A general convention on the subject had been arrived at in 1912; but later developments had already rendered it largely obsolete by 1919. It was obvious that new agreements were necessary. The Economic Commission, which dealt with the question of the revival of all these treaties, discussed the advisability of taking steps toward the immediate conclusion of a new convention, but decided to defer action and to continue the existing arrangements with such provisional modifications as might be necessary.

The treaties of peace, therefore, simply provide for the continuance in force of the 1912 convention, together with such provisional regulations as the allied and associated powers may indicate to the enemy states. Those states are also bound by any new general convention on the subject arrived at by the allied and associated powers within five years. What happens if no convention is concluded within that time is not stated. The enemy powers are not bound to accept any later one against their will. But there is no time limit on their obligation to respect the 1912 agreement and its modifications.

The new states are bound by similar provisions to adhere to the 1912 convention and accept any later agreement approved by the Council of the League within five years.

Rogers, in his memorandum, laid out for radio, as for cables, a scheme of international coöperation that should transcend the limits of mere regulation and strike out a course of positive constructive development. The control must be strong. "A *laissez-faire* policy," he wrote, no doubt with the example of the cables in mind, "may result in slow progress, confusion, and monopolistic control, with selfish interest rather than the general good of humanity furnishing the directing motive."

He was positive that the two subjects should be treated together. "There is little ground for belief that in the foreseeable future radio will render cables obsolete. There is the distinct danger, however, that radio exploitation and hit-or-miss competition may cause capital to hesitate from financing cable extensions. Both the radio and the cable has its own sphere and each will act as a feeder to the other." The qualities of cable communication which give it a permanent value are, of course, its certainty, directness, and privacy.

Rogers's programme for international radio development was most sweeping:

> Countries far distant from the great centres should be provided not only with receiving apparatus, but with sending stations capable of reaching a high power station, which in turn can re-send messages. Such facilities should be established quite apart from possibilities of private gain. . . . It is, therefore, suggested that each of the nations should nationalize its radio facilities, and that the nations of the world acting together develop a truly world-wide radio service. National ownership is in accord with the general trend in this field.

This was a drastic proposal, the arguments for which apply with equal force to cable and overland telegraphy. In all cases, private operation for profit is as serious an obstacle, particularly so far as the United States is concerned, to effective international coöperation as are national trade rivalries. Rogers believed it would be easier to get hold of the still developing radio business than of the established situation in the other fields. He did not extend the principle to them, then, though he did argue that proper regulation of radio rates would influence beneficially the system of charges for other forms of service by indirect competition.

These recommendations were never considered by the Peace Conference: the subject was never developed to such a point. But they are of great interest as indicating the problems that lay below the surface of the work of the Conference and that must be solved in the future.

PART IX

GERMANY AND THE PEACE

CHAPTER XLVIII

The Treaty Finished—Attitude of Allies toward Germany in Making It—Great Ceremony of the Presentation at Versailles—Brockdorff-Rantzau's Speech

THE Treaty was finished at last. Six months had elapsed since the close of the World War. For four of these months the representatives of the allied powers, there at Paris, had been toiling desperately to get it ready. It had been truly a race of peace with anarchy; for while Paris talked, European civilization was literally dissolving in chaos. Most of the difficulties, and every one of the serious crises, had arisen not so much out of any differences of view of the sternness of the terms to be imposed upon conquered Germany, but out of deep-seated and bitter disagreements among the Allies themselves. The centre and focus of this conflict had been between President Wilson demanding a settlement upon broad principles—which everyone had indeed accepted!—and the other allied powers demanding various immediate material reparations and territorial and other advantages.

But here, at length, through many vicissitudes, much darkened counsel, had emerged a bulky white book, of more than two hundred pages, bearing upon its cover, in two languages, the concise information that these were the "Conditions of Peace." This momentous book, packed and crammed with meaning for the whole of humanity, the provisions of which were still for the most

part secret, was now to be laid down, with ceremony, before the vanquished enemy. Here were the names of representatives of twenty-seven Allied nations and at the head of them all was:

"*The President of the United States of America*, by:

"The Honourable Woodrow Wilson, President of the United States, acting in his own name and by his own proper authority."

And following the names of the American delegation:

"*His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India*, by:

"The Right Honourable David Lloyd George, M. P., First Lord of His Treasury and Prime Minister."

And after the Anglo-Saxon world, so represented, came France and the other allied nations, great and small, and at last, not the Empire, nor yet the Republic, nor yet the Commonwealth, but:

Germany, by:

"Count Brockdorff-Rantzau, Minister of Foreign Affairs of the Empire."

After the names of this distinguished array came the bulky body of the Treaty itself, 440 articles, and then the pages for the signatures of seventy allied leaders, to which later were to be attached the great seals and the coloured ribbons to symbolize, somewhat ironically, the new harmonies this vast document was aimed to bring about. And finally, near the end of it all, was the place at which the world was soon to point with a determined and yet somehow curiously uncertain finger and say to conquered Germany:

"Sign there."

"Done at Versailles, in a single copy which will remain deposited in the archives of the French Republic, and of

which authenticated copies will be transmitted to each of the Signatory Powers."

Such was the Treaty of Versailles, to be presented to the Germans on May 7 in the old Trianon Palace. It was peculiarly and completely the work of the allied powers, for Germany, as already pointed out,[1] was excluded at the start from any participation in framing the terms of the Peace. There had been complete unanimity of opinion in the allied world that by her course in the war, by the intent she clearly revealed in the Peace of Brest-Litovsk, she was entitled to have nothing whatever to say about the terms of settlement. It was clearly understood that she would be given no choice but to accept whatever conditions the allied and associated powers agreed upon among themselves.

Desperately as the leaders dodged the term, the Peace was thus to be an imposed peace, drawn up with no consideration of what Germany thought about it. It is futile to speculate on the possibility of any other method; the fact is that this is the way the thing was gone about.

In thus accepting the complete responsibility for the justice of the terms, with Germany excluded from the discussion, the Allies had also other difficult problems. One of the most serious of these was the extreme instability of conditions within Germany. The old Government had been swept away and the new Republic was not yet fairly upon its legs. Economic chaos, even starvation, threatened the very life of the people; and behind that lurked the red spectre of Bolshevism. Would there be any Germany to sign when the Treaty was complete?

A certain element in the Conference, notably the French, would have continued to disregard this situation;

[1] In Chapter X.

would have proceeded to draw up such terms as were judged fitting and present the Treaty finally on the points of some millions of bayonets. But the more liberal and far-seeing elements at Paris, as already recounted in various connections, insisted upon the necessity of keeping Germany from anarchy until the Peace was signed and the League instituted. This was done, though only after bitter struggles, by arranging to feed the Germans, and even to do so in a manner contributing to the prestige of the new national government.

These modifications in the attitude of the Conference toward Germany, however, had to do only with questions of immediate interest—with keeping Germany going while the Treaty of Peace was being prepared. There was no modification of the fundamental principle that Germany should have no say in determining what that Treaty should contain.

So the burden of meeting the three great problems of the Treaty rested still wholly upon the Allies. These tests were: Was the Treaty just? Would it be accepted by the Germans? And if accepted and signed, would it be practically workable?

There were a few men at Paris capable of thinking beyond the exaggerated passions of the moment, who from the early days of the Conference had kept in clear sight these more permanent tests of the Treaty as factors of the Peace. The President, of course, was the chief of these. He was asking at every turn: Is this just? Will the Germans sign it? Will it work? But he was not the only one. General Bliss, among the Americans, never lost his sense of perspective, and General Smuts, among the British, though one of his important actions at Paris is open to sharp criticism, kept a steady head.

These thoughtful leaders perceived clearly that there

was grave danger of ruining the whole work of peace if the Conference should produce a treaty against which the mass of German opinion would at once revolt. For there might easily ensue a refusal to sign, or a collapse of organized government, or a submission accompanied by a determination to overturn the settlement as soon as a chance came—perhaps all three. And men capable of perceiving these possibilities were also clear-sighted enough to realize that a peace resting upon military coercion for its acceptance and observance could never be anything but a curse to the world.

No finer expression of this feeling, based upon a far-sighted perception of the verities of the situation, can be found than in a memorandum sent to the President by General Tasker H. Bliss on March 25. It was called "Some Considerations for the Peace Conference before they finally draft their terms."[1]

A few pregnant sentences may be quoted from this document:

> You may strip Germany of her colonies, reduce her armaments to a mere police force and her navy to that of a fifth-rate power; all the same in the end if she feels that she has been unjustly treated in the Peace of 1919 she will find means of exacting retribution from her conquerors.
>
> * * *
>
> The greatest danger that I see in the present situation is that Germany may throw in her lot with Bolshevism and place her resources, her brains, her vast organizing power, at the disposal of the revolutionary fanatics whose dream it is to conquer the world for Bolshevism by force of arms.
>
> * * *
>
> We cannot both cripple her [Germany] and expect her to pay. We must offer terms which a responsible Government in Germany can expect to be able to carry out.
>
> * * *

[1]See Volume III, Document 65, for full text.

We ought to endeavor to draw up a peace settlement as if we were impartial arbiters, forgetful of the passions of the war. . . . It must be a settlement which will contain in itself no provocations for future wars, and which will constitute an alternative to Bolshevism, because it will commend itself to all reasonable opinion as a fair settlement of the European problem.

* * *

I should like to ask why Germany, if she accepts the terms we consider just and fair, should not be admitted to the League of Nations, at any rate as soon as she has established a stable and democratic Government. Would it not be an inducement to her both to sign the terms and to resist Bolshevism? Might it not be safer that she should be inside the League than that she should be outside it?

The moral of this powerful memorandum was that Germany's reaction to the Peace could not, after all, be ignored in making it. The terms might be severe, "stern and even ruthless," but they must be so just "that the country on which they are imposed will feel in its heart that it has no right to complain." This warning by General Bliss came, significantly, during the height of the struggle of the Dark Period over the French claims. The results of the long controversy between Wilson and Clemenceau have been fully recounted in another place. As a result of the compromises there arranged, the emphasis passed from the problem of immediate justice of the terms to be imposed (the League and the Reparations Commission, in calmer times, must be depended upon to right any wrongs that might appear in the Treaty) and the anxiety of the Conference began to centre upon the acceptability and enforcement of the Treaty.

As early as April 8, after the Bolshevist overturn in Bavaria, we find the Four putting to the military and naval advisers the question as to what would be the possibilities of coercion if the Germans refused to sign the Treaty. Foch's reply was prompt enough. Military

means were available "sufficient . . . to overcome all difficulties likely to arise from the signature of Peace."

Even after the Germans were invited, on April 14, to come to Versailles, the fascinating puzzle, "Will they sign? Won't they sign?" still occupied much time in the Council of Four and indeed among all the delegates. There was to be no rest from it henceforward until the end of June. Every day or so one of the Big Three would bring in reports from his observers on the state of opinion among the Germans, the attitude and prospects of continuance in power of the existing government. This increasing concern and consideration for the effect of the Council's work on Germany led to a continuous run of suggestions for making the Treaty more acceptable.

As the terms of the Treaty began to leak out there were more and more evidences of the reality of the problem. On April 24, Wilson reported a conversation of an American officer with Brockdorff-Rantzau, Minister of Foreign Affairs, in which the latter pronounced the terms of peace, so far as known, "to amount to slavery for Germany," and declared that the Government "could not agree to such terms."

President Wilson interpreted this telegram to mean that Brockdorff-Rantzau typified the extreme point of view. In the background he believed there was a more submissive body of opinion. His informant had suggested that the German people ought to know that a certain amount of discussion would be permitted. He himself was inclined to agree in the proposal that the discussion should take place in writing.[1]

This was a decided advance upon the original ideal of imposing the Treaty without any discussion at all. It was finally agreed that the German delegation after re-

[1]Secret Minutes, Council of Four, April 24.

ceiving the Treaty on May 7 should be given fifteen days within which to make observations and put questions, and that the allied and associated powers would make written replies to these before obliging the Germans to make their final decision. Lloyd George opposed publication of the Treaty on the ground that this would make changes more difficult. Clemenceau was strongly for the publication, and for the same reason.

It was at this period that both Wilson and Lloyd George became so much impressed with the importance of the economic terms of peace as determining Germany's willingness to accept the Treaty. They agreed that the key man of the German delegation was Melchior, representing the great industrial interests. President Wilson urged his principle of commercial equality, advocating that Germany should be left complete economic freedom except as to discrimination in her treatment of other countries. He believed that the adoption of such a standard would result in a treaty not only just in itself but one that Germany would sign and that she could and would observe. He made a powerful speech on April 25, setting forth his views, and showing how clearly he saw the whole problem and the dangers the Allies were facing.

President WILSON said that one aspect was constantly in his mind in regard to the whole of the Treaty with Germany. When the German plenipotentiaries came to Versailles they would be representatives of a very unstable Government. Consequently, they would have to scrutinize every item, not merely to say that it was equitable, but also as to whether it could be agreed to without their being unseated. If the present Government were unseated, a weaker government would take its place. Hence the question had to be studied like a problem of dynamics concerning the action of forces in a body in unstable equilibrium. . . . The Treaty would hit them very hard since it would deprive them of their property in other countries; would open their country by compulsion to enterprising citizens of

other countries without enabling their enterprising citizens to try and recover their position in foreign countries. He did not think that the fact had been sufficiently faced that Germany could not pay in gold unless she had a balance of trade in her favour. This meant that Germany must establish a greater foreign commerce than she had had before the war if she was to be able to pay. Before the war the balance of trade in Germany's favour had never equalled the amounts which she would now have to pay. If too great a handicap was imposed on Germany's resources we should not be able to get what Germany owed for reparation. . . . We ought to see that Germany could put herself in a position where she could be punished.[1]

This speech, delivered so short a time before the Treaty was actually finished is most interesting because, while it raises the questions of the first two great tests of the Treaty—its justice and its acceptability—its emphasis is now upon the problem: Will it work? In the end, of course, the Treaty is bound to be judged upon the basis of its justice; but justice, after such a war, might cover almost any degree of harshness. And acceptability could not at the moment constitute a fixed standard, since the Germans would not welcome any penalties at all.

The immediate test of the Treaty therefore—the whole Treaty, both the terms and the League—would be its practicability: Would it work out? If justice were not possible in every one of the terms there still remained what was, in President Wilson's view, the great instrument of practicability, the League of Nations. If this were genuinely and whole-heartedly accepted by all nations it would, as soon as the world emerged from the shell-shock of the war and recovered its senses, modify unjust provisions and make the whole settlement more acceptable to the Germans. Everything, therefore, depended upon the League, and the good-will with which it was used.

Under such limitations, in such an atmosphere of ex-

[1]Secret Minutes, Council of Four.

aggerated emotion, fear, ambition, with such compromises, the Treaty was at length completed. There had been delays; the German delegation had been sitting impatiently at Versailles knowing only by rumour what was in this document and awaiting the moment of the presentation.

On May 7 the great meeting took place. For the first time in five years the chief representatives of the allied nations and Germany met face to face. Everything had been done by the French, who beyond any other people possess the genius for staging such an event, to make the occasion truly notable. It was a day of great beauty: May at Versailles! One looked from the windows of the old Palace where the ceremony was going on into gardens of surpassing loveliness. The company in attendance had been scaled down to the lowest possible number, for the room was small. Beyond the actual delegates and the necessary interpreters and secretaries, there were no spectators except a small group of journalists. It was altogether the most impressive and indeed important and critical meeting of the entire Peace Conference—far more impressive than the crowded and over-staged later ceremony of the signing in the Palace of Mirrors. The outcome of the latter occasion was known; only the formalities of the actual signing were to be observed; but here at the Trianon Palace, on this perfect May day, nothing was known. It was the first tremulous, uncertain contact of bitter enemies: What would the Germans say? What would they do?

It was such a moment as occurs rarely in history when the representatives of twenty-seven nations filed in to take their places around the great table. Here were the heads of the four most powerful nations in the world, a President and three Prime Ministers, and the leading men

of many others. When all these had been seated, the door swung open and with the words, "Les Plenipotentiares allemands," the Germans entered solemnly, the entire assembly rising to its feet and standing in silence while they took their places. The leader, Count Brockdorff-Rantzau, tall, thin, black-clad, aristocratic appearing, seemed to everyone who saw him under great strain. His face was pale, and his bow to the head of the table where stood Clemenceau, was awkwardly formal.

President Wilson sat at Clemenceau's right, Lloyd George at his left. The doors were closed, but sunshine flooded the room. For a moment the delegation of the Germans, a group of eight or ten men, sat facing in silence the array of the allied chiefs about them. Then Clemenceau, short, powerful, impressive, rose in his place to speak. His words were sharp—came like bullets.

"It is neither the time nor the place for superfluous words."

Clemenceau had none. He looked straight at the German delegates there at the end of the table.

"You have before you the accredited plenipotentiaries of all the small and great Powers united to fight together in the war that has been so cruelly imposed upon them. The time has come when we must settle our accounts. You have asked for peace. We are ready to give you peace."

He paused a moment, and then continued, with biting sententiousness:

"We shall present to you now a book which contains our conditions. You will be given every facility to examine those conditions, and the time necessary for it. Everything will be done with the courtesy that is the privilege of civilized nations.

"To give you my thought completely, you will find us

ready to give you any explanation you want, but we must say at the same time that this Second Treaty of Versailles has cost us too much not to take on our side all the necessary precautions and guarantees that that peace shall be a lasting one."

With this cutting reference to the former Peace of Versailles, when the Germans occupied a very different position, he paused, and the interpreter, M. Mantoux, repeated his words in English. The whole of Clemenceau's address did not occupy more than two minutes. When all had also been interpreted into German the anxious moment arrived for some expression from the German delegates. What would they say?

Already a secretary had placed before Count Brockdorff-Rantzau a copy of the white book of the Treaty. He gave it a single glance but let it lie untouched. Although actual discussion of the terms was to be entirely in writing the leader of the German delegation had this one opportunity to address the former enemies of Germany face to face. He did not, for some inexplicable reason, rise from his seat as Clemenceau had done, and thus, at the very start, offended the proprieties and placed himself and the German delegation at a disadvantage. He spoke slowly, and sentence by sentence his words were interpreted.

"We are under no illusion as to the extent of our defeat and the degree of our want of power. We know that the power of the German arms is broken."

Beginning upon this sullen and defiant note he insured the worst possible reception for his remarks. It was a remarkable exhibition of the want of tact. He called into question the good faith of the statesmen opposite him at the start, referring to the "power of the hatred which we encounter here" and the "passionate demand that the vanquishers may make us pay." Then he attacked the

whole basis of the Peace as drafted by denying Germany's responsibility for the war. Admitting that the former government "have certainly contributed to the disaster," he added: "But we energetically deny that Germany and its people, who were convinced that they were making a war of defence, were alone guilty."

Whatever may be considered the rights and wrongs of this question, whatever may have been the distinctions drawn by leaders on the Allies' side between the German people and its government, whatever fundamental importance attached to the issue in determining the future relations of peoples, the Germans were most ill-advised in making this the turning-point of their contentions. The point was not a debatable one at the time. No amount of argument or even documentary evidence could have convinced either side that it was wrong. It was simply inevitable that the allied powers should have taken the ground they did and have asserted Germany's responsibility first and last. There was not a man in that room who had not travelled over the miles and miles of fair country utterly devastated by the German invasion; had not seen ruined homes, destroyed cities, multitudinous cemeteries, looted factories, fruit trees wantonly cut down; had not heard the stories of French or Belgian sufferers; did not know of the kind of peace Germany, when she had had the power at Brest-Litovsk, had sought to impose upon the vanquished. What utter folly, then, to argue sullenly at such a time that Germany was not guilty!

And yet observations on this dangerous and futile subject occupied about a third of Brockdorff-Rantzau's speech; and the faces of his auditors grew more set against him at every word. And he did not improve the impression he was making on them, though he did make them squirm, by his outburst:

"The hundreds of thousands of non-combatants who have perished since the 11th of November by reason of the blockade were killed with cold deliberation, after our adversaries had conquered and victory had been assured to them."

Brockdorff-Rantzau reached the strongest elements in the German case only after thus antagonizing all his hearers. He struck firm ground at last when he declared that, alone and powerless as Germany stood before the victorious powers, she had yet one ally—"the right which is guaranteed . . . by the principles of peace." No one could dispute the assertion that "the principles of President Wilson have . . . become binding for both parties to the war." Criticism of the terms in relation to these principles must command attention—or should have done so, if tactfully presented. A better note was struck, though too late, by the declaration of Germany's readiness to accept without demur all the sacrifices imposed upon her by those principles, if her rights under them were respected.

The German Minister's words on the reconstruction of Europe, on Germany's essential place in the economic order, on the necessity of a reasonable reparation settlement and of allowing Germany the means of paying, did make an undoubted impression. Here he was touching on one of the most defective aspects of the settlement, as many in the allied camp already realized. His raising of the point stimulated the critics of the reparation settlement to renew their efforts to change it. But he was saying nothing that Wilson had not said some ten days before.

He was also only echoing the warnings of Bliss when he declared: "The peace which may not be defended in the name of right before the world always calls forth new

resistances against it. Nobody will be capable of subscribing to it with good conscience, for it will not be possible of fulfilment. Nobody could be able to take upon himself the guarantee of its execution which ought to lie in its signature."

This German's plea also for the whole-hearted co-operation of all peoples in a league of nations which recognizes their "economic and social solidarity" as well as the need of maintaining peaceful political relations, lays out a programme which the world must yet live up to if it is to escape the danger of destroying itself.

The impression made upon an open mind by this first formal utterance from the German side, and confirmed by all the halting discussion which followed, was that the Germans had a real case to present against the Treaty, but that they were most unfortunate in their methods of presenting it. They never fully lived up to the opportunity afforded them of laying bare the real defects of the Allies' work of peace.

This opening speech was not really in the nature of an observation on the Treaty, which the Germans had not yet read; it therefore called for no reply from the allied and associated powers. Clemenceau, in a fine if suppressed choler, dismissed the meeting abruptly at the close of the address:

M. CLEMENCEAU: Has anybody any more observations to offer? Does no one wish to speak? If not, the meeting is closed.

Such was the great occasion, and such the deliverances. The book of the destinies of the nations had been laid down. The session lasted only a brief moment of a spring day; and then the Germans returned to their hotel behind its palings and its guards, and the allied leaders were whirled swiftly back to Paris.

There was some characteristic discussion of these events when the Four met next day.

Mr. LLOYD GEORGE: The only part of Brockdorff-Rantzau's speech of the previous day which had made him feel uncomfortable was the passage where he had alluded to the starvation which had occurred since the Armistice had been signed.

M. CLEMENCEAU said that his statement had to be proved. . . .

President WILSON told M. Clemenceau that we ought not to blink facts because we were annoyed with Brockdorff-Rantzau. There was no doubt people had been starved because, through no one's fault, it had not been possible to get the Treaty of Peace ready earlier. . . .

M. CLEMENCEAU told President Wilson that he could give him an order to visit women from fourteen years of age to sixty, who had been violated by the Germans.

Mr. LLOYD GEORGE said that Sir Ernest Pollock had told him that documents before the Commission on breaches of the laws of war had been so bad that only parts of them were read. The Commission had become perfectly sick with reading them.

M. CLEMENCEAU said that they had an awful case against the Germans.[1]

Immediately the German answers began to pour in, averaging one a day down to the time when the general "Observations on the Conditions of the Peace," was handed in on May 29. Although the task of answering these notes was turned over to the committees of experts, the Four were also obliged to devote a good deal of attention to them. This exchange of notes was conducted outside the veil of secrecy which shrouded the deliberations of the Councils themselves. The Germans could not be restrained from publishing them, so the Allies published too. Although the notes on both sides have mostly been published, the important discussions in the Council in regard to them have not been. These must be discussed, together with the incidents of the final signing of the Treaty, in the following chapter.

[1]Secret Minutes, Council of Four, May 8.

CHAPTER XLIX

The German Responses and Allied Replies—Criticisms by General Smuts—Attempts at Revision—The Signing in the Hall of Mirrors

THE period of the German responses is in many ways the most interesting and significant of the Peace Conference. It brought out more clearly and definitely than ever before the real problems of peace, especially in its more difficult and complicated economic aspects; and it invoked a response from the public opinion of the world not possible before because neither the terms of the Treaty, nor the contentions of the Germans was known.

It was a period, in proportion to the entire length of the Peace Conference somewhat extended, lasting from May 7, when the "book," as Clemenceau called it, was laid down before the Germans at the Trianon Palace, and June 28, when it was signed in the Hall of Mirrors. During this period the Germans, housed in the hotel at Versailles, were furiously busy with their responses, couriers were speeding back and forth with red-sealed documents, and every effort was being made to finish the Treaty and get to the signing.

As it was said in the last chapter there were three tests to be applied to the Treaty: Was it just? Would the Germans accept it? Could it be practically carried out? In one of the very first of the German notes, May 10, the attack is opened upon all three of these points. It asserts

that a first perusal of the Treaty reveals that "on essential points the basis of the Peace of Right, agreed upon between the belligerents, has been abandoned." It also asserts that some of the demands are such as "no nation could endure" and that "many of them could not possibly be carried out."

But what effect the Germans hoped to obtain by this wholesale preliminary condemnation is difficult to imagine. It was part and parcel of the want of tact, inability to apprehend the psychology of the occasion, that also marked the ceremony of May 7. Instead of unsettling the leaders at Paris, it only nettled them, as the records show, and made them more set upon justifying their actions. It had an especially unfortunate effect upon President Wilson, who might have been greatly disturbed by a clear, unimpassioned presentation of concrete cases in which the terms conflicted with the principles of the Peace, but who was simply rendered indignant by this blanket indictment. He knew well enough what had been done, knew that settlements had been agreed to which did not conform to his standards and did not satisfy him, for the sake of giving the chaotic world immediate peace and to secure a powerful new organization to guarantee it. Unsupported accusation only inspired him to general denial and plunged the whole discussion into an atmosphere of passionate controversy.

Thus, Wilson at once came back with the reply stating that the allied and associated powers "wish to remind the German Delegation that they have formed the Terms of the Treaty with constant thought of the principles upon which the Armistice and the negotiations for peace were proposed. They can admit no discussion of their right to insist upon the Terms of the Peace substantially as drafted. They can consider only such practical sugges-

tions as the German plenipotentiaries may have to submit."

After this reply, to which Wilson's colleagues eagerly subscribed, there was no use in continuing along this general line of criticism. The issue of practicability was, of course, less easily disposed of, while the question of getting a sincere acceptance by the Germans pressed hardest of all upon some of the allied statesmen—notably Lloyd George. "Would the Germans sign?" was an immensely critical problem with him, as bearing upon his own domestic political situation.

It is not the intent here to consider in detail the German responses, nor the allied replies, for these have for the most part been fully presented in other connections in this book.[1]

One of the most powerful points of attack by the Germans was the Saar Valley settlement, both on the ground that it offended the principle of self-determination and that its economic aspects were both unjust and unworkable. Here on one minor point—a "joker" in the Treaty by which a final vote of the population of the Saar for Germany was to be effective only if she were able to redeem the coal mines from France with their value in gold—the German attack was effective and a new proposal drawn by the American expert, Haskins, was accepted on May 24. It was practically the only change made in these sections of the Treaty.

In criticizing the Saar settlements from the point of view of reparation, the Germans argued, just as the American economic experts had done, against the bodily transfer of the Saar mines to France, and proposed instead to make fixed deliveries of coal to France as a substitute. The offer, however, was vague; and it did not, after all,

[1]See especially Chapter XXX.

meet the crucial French demand, which was far more for security, both immediate and in the future, than for reparation. As Haskins, the American expert, said:

"A mine in hand is worth many contracts to deliver."[1]

However sound the German arguments might have been in this or any other connection, they had to cut through a heavy weight of fresh memories of ruthless devastation by German armies, rendered sharper by the sense of irreparable loss, and deepened by the conviction that these were "Huns" to whom treaties were mere "scraps of paper." No just judgment of these events can be arrived at without clear apprehension of these considerations. Another element of the situation also powerfully affected the allied leaders: even though the Treaty might be defective, as the Germans argued, and as many allied leaders now believed, essential alterations at this late time in the already complicated arrangements, with the whole world fretting for the end of the business, might disturb the entire basis of the Peace and lead to new and dangerous dissensions. The world was too near chaos to risk anything more.

The Germans gained more ground in a general attack on the economic consequences of the territorial and reparation settlements. A powerful report on this subject, communicated on May 13, concludes with the words:

> We do not know, and indeed we doubt, whether the Delegates of the Allied and Associated Powers realize the inevitable consequences which will take place if Germany, an industrial State, very thickly populated, closely bound up with the economic system of the world and reduced to the obligation to import enormous quantities of raw material and foodstuffs, suddenly finds herself pushed back in the phase of her development which would correspond to her economic

[1] See "Some Problems of the Peace Conference," by Haskins and Lord, p. 143.

condition and the numbers of her population as they were half a century ago.

Those who will sign this Treaty will sign the death sentence of many millions of German men, women, and children.

The allied reply to this exposition dwelt mainly upon the point that Germany was responsible for her own misfortunes, which were only her fair share of those incurred by the entire world.

"Every country is called upon to suffer," it read. "There is no reason why Germany, which was responsible for the war, should not suffer also."

Some of the German contentions were refuted upon good grounds, others by very flimsy arguments indeed. Thus, "A country can both become and can continue to be a great manufacturing country without producing the raw materials of its main industries. Such is the case, for instance, with Great Britain."

This argument, by which Lloyd George set great store, quite overlooks the part played in British economic life by the Empire and the merchant marine. And Germany was to lose both her colonies and her ships.

A vigorous attempt was also made by the Allies to put the Reparation Commission in a more favourable light than the Germans saw it in, and indeed the Reparation Commission, like the League of Nations, if really used for broad and reasonable constructive purposes, and not made an instrument of punishment or revenge, had—and has—very great possibilities. This gave Wilson an opening when the subject was under discussion for making a most significant suggestion:

President Wilson said that he would like to intimate to the Germans that the experts of the Allied and Associated Powers were now ready to discuss with their experts in regard to Financial and Economic Conditions.

M. CLEMENCEAU thought it would weaken the Allied and Associated Powers.

President WILSON said that this object was to demonstrate to Europe that nothing had been left undone which might have induced the Germans to sign. If they did not sign it would involve sending troops into the heart of Germany and their retention there for a long period. Germany could not pay the costs of this occupation which would pile up the expenses to people who were already protesting against the burden of occupation. People would ask if there was anything reasonable left undone which might have averted this. There would be no loss of dignity by carrying out this plan. The experts of the Allied and Associated Powers would merely explain the meaning of some parts of the Treaty of Peace which, in his view, the Germans had failed to understand. If our experts could show that no heavier burden had been laid on the German people than justice required, it might make it easier for the German Delegates to explain to their own people.[1]

This was an approach to the request which the Germans had twice made—in Brockdorff-Rantzau's speech and in the Saar note—for conferences of experts on the economic details of the Treaty. But Clemenceau managed to get it out of the way by having the question postponed until the receipt of the German general note.

It was revived next day in a notable letter from General Smuts to Lloyd George, dated May 22.[2] Both Smuts and the President were strongly for some method of discussing these complicated economic matters with the Germans. This letter of Smuts, besides suggesting a conference with the Germans, contained also sweeping proposals for changes in the Treaty, the chief of them bearing on the reparation settlement and the Polish frontiers.

On May 29 the Germans launched their greatest single criticism of the Treaty. It was a small book in itself

[1]Secret Minutes, Council of Four, May 21.

[2]See Volume III, Document 66, for full text.

called, "Observations on the Conditions of the Peace." Here they attempted to establish in full their case against the Treaty as a violation of the Wilsonian principles of a just peace. The main points in their contention were: the disposition of the Saar Valley, Upper Silesia, and the colonies; the reparation system and the treatment of private property abroad; the assertion of alien jurisdiction over German nationals; and the various non-reciprocal economic engagements. On all these points the Germans were able to put forward unquestionably impressive arguments, though they weakened their case as a whole by certain inaccurate historical and statistical statements and by such tactless assertions as a claim to a share in the world's colonial development on the basis of their past record. They also continued harping on the question of responsibility for the war.

Despite their defects, the German "Observations" made a powerful impression at Paris. General Smuts wrote a strong letter to President Wilson, dated May 30, in which he renewed and emphasized the criticisms he had made to Lloyd George on May 22.[1] Questioning the proposition that the Treaty conformed to the pre-Armistice pledges, he reached the conclusion:

> "Frankly I do not think this is so, and I think the Germans make out a good case in regard to a number of provisions."

Wilson had refused in the beginning to admit any discussion of the terms on the basis of right and now told his colleagues of the Council he would consider only the German counter-proposals, "and not their counter-arguments." But Lloyd George was thrown into a complete panic by the storm of protests. On June 2, he

[1] See Volume III, Document 67, for full text.

began his great assault on the Treaty, the results of which have been dealt with in previous chapters.

The President in his remarks at the important conference with the American delegates and advisers, on June 3, discussed this problem of revision. He began by admitting that there might be a real question as to the justice of the terms. His words were:

> The question that lies in my mind is: "Where have they made good in their points?" "Where have they shown that the arrangements of the Treaty are essentially unjust?" Not "Where have they shown merely that they are hard?" for they are hard—but the Germans earned that. And I think it is profitable that a nation should learn once and for all what an unjust war means in itself. I have no desire to soften the Treaty, but I have a very sincere desire to alter those portions of it that are shown to be unjust, or which are shown to be contrary to the principles which we ourselves have laid down.[1]

But his general feeling seemed to be that he had made the best arrangements he could at such a time of "exaggerated feelings and exaggerated appearances" and that now he was prepared to stand by them.

It is noteworthy also that in this conference the President laid stress on his fundamental idea that the terms of the peace were less important than the fact of peace and its proper guarantees. He repeatedly expressed the opinion that special wrongs would right themselves in the atmosphere of the new arrangements—in short, the League of Nations.

Brockdorff-Rantzau in his speech had called for a league of nations open to "all who are of good-will." The first of the German notes, on May 9, transmitting a draft of suggestions for the League, inquired whether Germany would be invited to join. A reply, drafted by Wilson, merely called attention to the conditions laid

[1] See Volume III, Document 68, for verbatim report of this meeting.

down in the first article for the admission of further members. But the matter was not so easily disposed of. In their general "Observations" the German delegation announced an unqualified acceptance of the military, naval, and air terms of peace on condition of immediate admission. This point was brought out by Lloyd George in his speech on June 2. He urged "that hope should be held out of their being allowed to come in within a year or two." But there was, significantly, no response from Clemenceau. The matter was referred to again in the American conference.

Secretary LANSING: Is it possible to fix the time when Germany can be admitted into the League of Nations?

The PRESIDENT: I don't honestly think it is. I think it is necessary that we should know that the change in government and the governmental method in Germany is genuine and permanent. We don't know either of them yet.

Secretary LANSING: When are we going to know? When are you going to get consent from all these countries, from France or the Executive Council?

The PRESIDENT: I think that France would be one of the first.

No understanding was reached among the Americans as to a new attitude on the point; but, on June 6, General Bliss, in transmitting a report to the President on the military and naval terms, advocated that Germany be promised admission to the League as soon as execution of these terms should be completed.[1]

But when the Committee reported to the Council of Four that it could "see no reason . . . why Germany should not become a member of the League within a few months," Lloyd George objected to this startling definiteness; and the last words of the sentence were

[1]See Letter of General Bliss, headed "A Brief Analysis of the German Proposals on the Military Terms of the Draft Treaty," Volume III, Document 69.

battered about until they appeared in the final text of the reply as "in the early future." This phrase was so noncommittal that it constituted no additional assurance to Germany at all.

Altogether, the Germans got but little by their exchange of notes with the Council at Paris. The general reply to the German "Observations," delivered on June 16, sums up the case of the allied and associated powers. It contains a few modifications of the terms of the Treaty, a great deal of explanation of others, and a still larger amount of indignant assertion that the Germans are being let off more easily than they deserve. It was accompanied by a lengthy covering letter, drafted by Philip Kerr, justifying the Treaty from the point of view of responsibility for the war and the agreed bases of the Peace. This document was sponsored by Lloyd George, who told the Council, on June 3, that since "the German documents had made a certain impression in the Allied countries, . . . he thought it was very important to . . . controvert certain points." President Wilson agreed. The discussion of the document in the Council on June 12 is most illuminating:

> President WILSON said that . . . the document had conveyed a slight feeling of inadequacy. It would not prove satisfactory to the future historian. If, however, it were only intended to reassure our own people that the Germans were not believed, this moderate statement was, perhaps, sufficient. He did not feel quite happy, however, about an argument that was incomplete.
>
> M. CLEMENCEAU said it could not be made complete unless it was expanded into a large volume. In France, at any rate, there was no necessity for such a document, as the facts were perfectly well understood.
>
> Mr. LLOYD GEORGE said that the same was true in Great Britain, but he did not like to leave the German note without some reply.
>
> President WILSON suggested that, since all that was required was

to let the Germans know that we denied their allegations, the document might be considered adequate. Moreover, perhaps something was to be said for it on the ground of its quietness. As a general traverse of the German argument, it was sufficient. . . .

Mr. LLOYD GEORGE supported this view. If the Germans declined to sign and an advance by the Army was necessary, it might be necessary to stir up public opinion again to a certain extent.[1]

The Four had long had in mind this possibility of recourse to the argument of bayonets. Nor was it Clemenceau who took the lead in advocating coercion. As early as May 9, the British Prime Minister put it forward in the Council.

Mr. LLOYD GEORGE said he would like the military representatives at Versailles specifically to consider what forces would be required for the occupation of Berlin. It was unnecessary for the Council to commit itself to a decision because it asked for this information. In his view, there was a good deal to be said for the occupation of Berlin if Germany refused to sign the Treaty. It would be the outward and visible sign of smashing the Junkers. They would never be convinced otherwise. He felt sure of this after hearing Brockdorff-Rantzau's speech.[2]

Next day, Foch expressed complete confidence in his ability to carry out any necessary military operations. It was agreed to begin ostentatious preparations for an advance at once in order to impress the Germans.

Anxiety as to whether the Germans would sign continued to increase. Clemenceau was generally optimistic, for even if they refused to sign, Foch was ready to march. But Lloyd George, who on May 9 had been stronger than any of the others for coercion, now that reports came to the Council (May 21) of actual preparations of the Germans for resistance, and alarmed by the criticisms

[1]Secret Minutes, Council of Four, June 12.

[2]Secret Minutes, Council of Four, May 9.

of the Treaty in his own camp, swung suddenly—and characteristically—to the other extreme, from the policy of coercion to one of concession. On June 3, he reversed his position of May 9 by declaring that "he himself wanted to avoid the necessity of occupying Berlin."

But the "funk" passed, and on the 13th he was back arguing for reimposition of the blockade as a supplement to the military measures.

> It was agreed that the Blockade Council should make every preparation for the re-imposition of the blockade, but that its actual enforcement should not be undertaken, even in the event of a refusal by the Germans to sign the Treaty of Peace, without a decision from the Council of the Principal Allied and Associated Powers. No actual threat should be made public that the blockade was to be re-imposed, but short of this, steps should be taken to give the public impression that preparations were in hand. If practicable, these steps should include the despatch of destroyers to show this in the Baltic.[1]

On June 20, the Council actually authorized Foch to begin an advance on the evening of the 23rd, if acceptance had not been notified before that time.

The Germans made desperate attempts at the eleventh hour to secure further modifications of the Treaty. The Scheidemann government resigned and was succeeded by a new cabinet, headed by Bauer. This government intended to accept the Treaty, but strove to obtain some further ameliorations. On June 22, Von Haniel, its representative at Versailles, sent in a note stating that Germany was prepared to yield before the threat of force but would not answer for the consequences. He also declared that Germany could not recognize her reponsibility for the war or deliver up the persons demanded for trial. In general, he stated:

[1]Secret Minutes, Council of Four, June 13.

The conditions imposed exceed the measure of that which Germany can in fact perform. The Government of the German Republic therefore feels itself bound to announce that it makes all reservations and declines all responsibility as regards the consequences which may be threatened against Germany when, as is bound to happen, the impossibility of carrying out the conditions comes to light even though German capacity to fulfil is stretched to the utmost.

Finally, he asked that the Treaty be submitted for revision within two years to a Council of the Powers, in which Germany should have an equal voice.

The reply of the Four was a sharp refusal. Drafted by Wilson, with the exception of the last sentence added by Clemenceau, it concluded:

The Allied and Associated Powers therefore feel constrained to say that the time for discussion has passed. They can accept or acknowledge no qualification or reservation and must require of the German representatives an unequivocal decision as to their purpose to sign and accept as a whole, or not to sign and accept, the Treaty as finally formulated.

After the signature the Allied and Associated Powers must hold Germany responsible for the execution of every stipulation of the Treaty.

On the evening of the 23rd, just in time to anticipate the movement of Foch's armies, the Germans yielded completely. In Von Haniel's note:

Yielding to overwhelming force, but without on that account abandoning its view in regard to the unheard-of injustice of the conditions of peace, the Government of the German Republic therefore declares that it is ready to accept and sign the conditions of peace imposed by the Allied and Associated Governments.

Three days more, however, went by before the plenipotentiaries accredited by the new German Government were on hand to sign the Treaty. On the 28th, this

ceremony took place in the historic Hall of Mirrors in the Palace at Versailles, but it was a pale anti-climax to the exciting drama of the negotiations.

The ceremony was intended to outdo any other, but it was crowded and over-staged, and wanted the hair-trigger uncertainty of the earlier meeting of May 7. A great concourse of people swarmed the wide grounds of the Palace and there was a crush within. The Treaty was finally signed, in the very place where Germany had once dictated a peace to France and the German Empire had been born.

Two of the most striking events of that day, because they disturbed the harmony of the occasion, were the publication of the statement of General Smuts, reiterating his conviction of the defectiveness of the Treaty, and the refusal of the Chinese to sign it at all.

"I feel," wrote General Smuts, "that in the Treaty we have not yet achieved the real peace to which our peoples were looking."

Over against this criticism, however, he set three facts in favour of the settlement: it did reëstablish peace (that was why he signed in spite of his scruples); it marked the passing of Prussian militarism; and it set up the League of Nations. His hope for the future was expressed in the words:

"The real peace of the peoples ought to follow, complete, and amend the peace of the statesmen."

This was, indeed, the function of the League of Nations as President Wilson saw it. Here was to be a vigorous organization, founded upon good-will, to consider constructive plans for future peace, to forestall war, to prevent the practices of secret diplomacy which had, to so large an extent, caused the World War, and, wherever necessary, to amend in a calmer mood such settlements at Paris as

might appear to be unjust, unacceptable, or unworkable. This League came into existence and has been battling bravely at Geneva with the vast problems presented by a chaotic world: but handicapped by the refusal of America, the most powerful of nations, to take any part whatever in it.

When all is said this Treaty—this book of Versailles—is a tremendously human document. It is a veritable representation, when closely looked at, of the soul of civilization as it is in the beginning of the twentieth century. Here, in 214 pages, may be seen man as he is to-day. Everything has been crowded into this book. It was made at a time still bitter with war, and here are expressed all the unimaginative fears, greeds, vanities, cruelties, pettiness, which come irresistibly to the surface at such a time; and yet here are also, and in the leading place, the highest aspirations and hopes of the world: the determination to set up a new plan of coöperation for the world to live by, a League of the Nations to secure mutual safety and peace. Here is also the halting initiation of a new effort to adjust the relationships of labour and capital—vague, perhaps, but no vaguer than the present opinion of the world upon that critical problem. Here are also the seeds planted of many of the new and great aspirations of human kind: the desire to make the world's highways freer to all men, to open the way for the economic forces of the nations to serve rather than to destroy civilization, to abolish great armies and navies; and, finally, here are new resolutions to meet the old, old human evils of the slavery of women and children, the slavery of black men, the opium traffic.

So it is all there in the book for the New World to use as it will. The choice of mankind since the Treaty of

Versailles is not a whit different from what it was before: a nation may dwell upon all the bitterness of this treaty and demand the execution, to the last comma, of all of the injustice wrapped up in certain of its terms. Some nations there are that are now pursuing this course and, unless arrested, will lead the way to new and more dreadful war. Or a nation may seize upon the constructive and forward-looking aspects of it with determination to use them to the uttermost—and lead the way to peace. No nation is yet, unfortunately, doing this wholeheartedly. The nation best fitted to do it, America, has so far rejected its opportunity of world leadership, has considered its interests, its fears, and its rights, rather than its duties and responsibilities.

What President Wilson brought to Paris, and what he fought for with utter sincerity of purpose, was a new attitude of the nations, a new spirit toward international affairs. He had an imperishable vision of "a great wind of moral force moving through the world," of "just men everywhere coming together for a common object," of great nations seeking to serve the world rather than asking to be served by it, of good-will as the true foundation of civilized society. These ideas are fundamental; they are as true to-day as when Wilson voiced them in the last great days of the war, and later at Paris. There can be no peace, no justice in the world without an attempt to apply them. These things have been said, the great word has been spoken, and more and more as time passes the world will be compelled to return to the principles set forth by Woodrow Wilson.

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